Weekend FT

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The millionaires' wine revolution

Jancis Robinson explains why wine drinkers have never had it so good while growers have never had it so bad .... Page I

States of chaos

Rob [illegible] on the grim conditions in Albania, where western aid for handicapped children (left) was looted by a starving crowd .... Page XX

Nicholas Woodsworth takes a terrifying trip to Soviet Georgia where a tragedy is enfolding .... Page VIII

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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WORLD NEWS

Proposed energy tax would raise petrol prices

EC ministers gave the European Commission the green light to bring forward legislation for an energy tax. The first stage, to take effect in 1993, would increase the average price of petrol by 6 per cent, or by about 12p a gallon in Britain at current prices.

The tax is intended to cut carbon dioxide emissions and combat global warming and would be equivalent to $10 on a barrel of oil by the year 2000, having risen by $1 a year from the initial $3 levy in 1993. Page 22

Croatia critical of UN

The governments of Croatia and Slovenia said the United Nations' recommendation not to recognise their independence unilaterally has given a green light for continued attacks on Croatia. Page 2

Lebanon pledges

International donors have pledged $700m (£388m) towards the $1.5bn needed for urgent reconstruction work in Lebanon, the World Bank said. Page 3

Five die in water riots

At least five people were killed in southern India in riots over a water-sharing battle between the states of Karnataka and Tamil Nadu.

IRA halts kneecappings

The Irish Republican Army said it is to stop "kneecapping" alleged criminals in punishment shootings. The victims will now be ordered to leave Northern Ireland instead. Craigavon bombing, Page 4

Chemical plant explosion

Six people were killed and three injured in an explosion at the Dutch-owned DSM chemical plant in the Botlek area of Rotterdam harbour.

BR pressed for refunds

British Rail is being pressed by the government to compensate commuters who have suffered from frequent cancellations and train failures on its north Kent service. Page 4

Detective to be charged

Suspended Detective Chief Superintendent Graham Melvin, who led the Pc Keith Blakelock murder inquiry after the 1985 Broadwater Farm riots, is to be prosecuted for perjury and conspiracy to pervert the course of justice, the Crown Prosecution Service said.

Nigerian polls test

Nigerians vote today in crucial elections for state governors and assemblies in what will be a test of military plans to restore civilian rule late next year after national assembly and presidential elections. Page 3

Poll tax amendment

The poll tax is to be amended before being abolished after the government announced a move to exempt about 300,000 students aged 18 and 19 in 1992-93. Page 5

Vauxhalls recalled

Owners of Vauxhall Carltons built since 1986 and Senators built since 1987 are being contacted to replace faulty brake units, the company announced. About 780,000 cars Europe-wide are affected.

Titian fetches £7.48m

Titian's Venus and Adonis became the most expensive painting sold at auction in the world this year when it fetched £7.48m at Christie's, London. Saleroom, Page 5

BUSINESS SUMMARY

Germans review Soviet trade credit programme

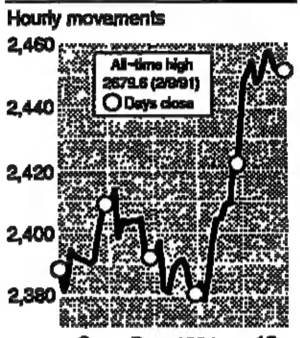
The German government will reconsider its export credit guarantee programme to the Soviet Union in the light of new figures suggesting that trade exposure could be double the level previously revealed.

Total trade exposure, including insured and uninsured exports and trade contracts still in the pipeline, could total as much as DM75bn (£26.3bn), almost double the DM38.4bn already committed. Page 22; Bleak winter, Page 2

LONDON equities: An action-packed week ended with share prices pushing sharply higher across a broad front. The FT-SE 100-share index sped up to close a net 28.1 higher at 2,451.4, for a two-day rise of 71.4. Over the week the index has risen 62.9. London stocks, Page 13, World stocks, page 19; Currencies, Page 11; Lex, Page 22; Wall street, Wkd Page II; Game of two halves, Wkd Page III

FT-SE 100 Index

Hourly movements



UK inflation rose in November for the first time in more than a year to an annual rate of 4.3 per cent, partly because of higher seasonal food prices. Page 22; Retail discounting fails to stem surge, Page 5

TOURANG, consortium established by Conrad Black to bid for Australia's Fairfax newspaper group, was back in the running yesterday after being ruled out by the federal government earlier. Page 10

DAVID S. Smith, biggest UK paper manufacturer, conditionally agreed to acquire Kaysersberg Packaging, leading French packaging company, for a total consideration of FFr1.505bn (£154m), which it plans to fund through a placing and offer of new shares and with its own resources. Page 8; Lex, Page 22

UK engineering employers are expecting no recovery until after the general election next year, partly because of the slowdown in the German economy. Page 5

NATIONAL Bank, state-controlled, largest commercial bank in Greece, plans to dispose of several subsidiaries, including a loss-making chain of luxury hotels, an insurance company and a small commercial bank. Page 10

A PROPOSED merger between the UK's National Union of Mineworkers and the TGWU general workers' union seems to have collapsed. Page 4

STORA, Europe's largest paper and pulp company, is intensifying its cost-cutting programme in 1992 with a reduction of 2,500 in the size of its 45,000 strong workforce. Page 10

WEIR Group, UK engineering company, is moving into the US pump market with the $21.7m (£12m) acquisition of Peabody Floway, manufacturer of turbine products. Page 8

The price of Soviet sugar: A Ukrainian man is held down by a policeman and a bystander at a state shop in Kiev. He allegedly broke a shop window to steal some sugar which is spilled on the floor

Five Central Asian republics to join commonwealth

Soviet army in disarray as old order collapses

by John Lloyd in Moscow and Lionel Barber in Washington

SOVIET CRISIS

- Last chance to help Soviet Union, says Cheney, Page 2
- Red Army: ill-fed, ill-housed and insulted, Page 6
- Germany reviews Soviet trade credits, Page 22

LEADERS of the Soviet armed forces met yesterday as the Soviet Union continued to disintegrate and their line of command became increasingly unclear.

Meanwhile, five Soviet Central Asian republics said they would join the new commonwealth emerging to replace the Soviet Union, but only on condition that they were admitted as equal, founding members.

This stipulation, and other differences between the three original member states – Russia, Ukraine and Belorussia – cast doubt on the eventual scope of the commonwealth and the role of President Mikhail Gorbachev who yesterday seemed intent on trying to influence the future shape of the country he has presided over for six years.

The general defence staff and senior defence ministry officials yesterday cancelled all meetings in order to concentrate on the crisis.

The Soviet defence minister, Mr Yevgeny Shaposhnikov, ruled out the possibility of another military coup, according to Tass, the news agency.

"As minister of defence I can declare with full authority, in the military all is peaceful and under control," he said.

A decision of the commonwealth states to preserve a unified military was swept aside by Mr Leonid Kravchuk, the Ukrainian president, who decreed yesterday that all Soviet military detachments in the Ukraine would come under his command – a move which is likely to prompt the creation of separate Russian armed services.

In Washington, President George Bush said that he had been assured by the Kremlin and republic leaders that Soviet nuclear weapons were being handled with "the maximum amount of safety".

Mr Bush said that the US was "watching very closely" events in Moscow, amid continuing signs that Mr Gorbachev may step down as Soviet president, a move which could raise questions about the political authority overseeing the Soviet nuclear arsenal.

Mr James Baker, secretary of state, said the US would not interfere in events in the Soviet Union.

"We cannot and must not inject ourselves into this purely political process," said Mr Baker, who is due to arrive in Moscow tomorrow.

Mr Gorbachev has so far rejected the idea of a commonwealth as divisive and has said he will play no part in the new grouping.

However, Mr Andrei Grachev, head of Mr Gorbachev's press office, was quoted as saying yesterday that the president would seek to combine the commonwealth agreement with the largely defunct plan for the union treaty.

Mr Gorbachev told reporters

Continued on Page 22

Maxwell family outlines concerns

By Raymond Hughes, Robert Peston and Richard Lapper in London and Peter Bruce in Madrid

THE MAXWELL family yesterday gave its first overt acknowledgment that it fears criminal prosecutions will follow the Serious Fraud Office's investigations into the Maxwell empire.

Mr George Carman QC, Mr Kevin Maxwell's counsel, told the High Court that he had strongly advised Mr Maxwell "to exercise the rights vested to him by law, and to every other citizen, not to provide, in advance of any prospective criminal charge, his defence to any such charge". To do so "would be premature, ill-advised and inappropriate at a time when he is under enormous pressure".

Mr Kevin Maxwell was willing, however, to spend "every waking hour" helping to trace the millions missing from the pension funds of Mirror Group Newspapers, one of his late father's public companies, Mr Carmen added.

In Tenerife, Ms Isabel Oliva, the judge investigating Mr Robert Maxwell's death, formally concluded yesterday that Mr Maxwell "probably" died by accident and recommended the case be closed.

London insurers who underwrote a £20m personal accident policy covering Mr Maxwell said they were continuing their own inquiries into the publisher's death.

It also emerged yesterday that Mr Robert Maxwell made big purchases of MCC shares earlier this year through Goldman Sachs, the US investment bank.

He never disclosed these, as he should have done, under company law.

A financier close to Goldman Sachs said: "Goldman asked Mr Maxwell whether he should have been disclosing the share purchases and received assurances from Mr Maxwell that there was no need for disclosure."

Mr Carman told Mr Justice Hoffmann there had been

Continued on Page 22

Sterling higher on ERM pledge

By Rachel Johnson, Economics Staff

STERLING followed a buoyant London stock market sharply higher yesterday when Mr Norman Lamont, the UK chancellor, built on the government's Maastricht success by stamping out speculation about devaluation.

He cheered the financial markets by saying that, "at an appropriate time", sterling would move to narrow bands in the European exchange rate mechanism at the current central rate of DM2.95.

The upbeat mood, though helped by the stronger overseas markets, was influenced by the deal struck by Mr John Major at Maastricht, which prevented sterling from coming under pressure in the ERM during the week and brought the market out of the doldrums.

The prime minister, attempting to capitalise on the momentum of his success at Maastricht, predicted to 150 Conservative candidates yesterday that a Tory victory at the next general election would spell the end of socialism.

The pound jumped well over two pfennigs to DM2.8868 – after a previous close of DM2.86 – as demand for sterling leapt in the wake of the chancellor's comments to foreign journalists.

Mr Lamont ruled out a devaluation when the currency's 6 per cent fluctuation bands in the ERM are narrowed to 2.25 per cent. The pound closed at DM2.875 in London, after profit-taking.

His assertion drove the rising stock market even higher. The FT-SE 100 share index, helped by Tokyo's 1,000-point overnight rally and a stronger Wall Street, rose 34 points at one stage before closing 28.3 points higher at 2,451.6.

Stocks started rising on Thursday, when the FT-SE 100 index rose 43.1 points. The rally continued as Mr Lamont's

Continued on Page 22

Currencies, Page 11
World stocks, Page 19
Inflation rise, Page 22
Lex, Page 22

Anglo-French links suffer in a clash of stereotypes

By Daniel Green

THE BRITISH military are "perfidious partners", according to their French counterparts. Tommy, on the other hand, thinks the French flounce out of joint projects unless they call the shots.

Such stereotyped views were preventing successful defence collaboration by the two countries, MPs said yesterday.

Tensions based on "virtual caricatures" were found during an inquiry by the Commons defence committee into Anglo-French defence co-operation. Its report was published yesterday.

The British thought the French only wanted to collaborate as the dominant partner: if they failed to get their way, they walked out. France's withdrawal from the European Fighter Aircraft project was an example of this attitude.

At the same time, defence companies in France were seen by the British as being "feather-bedded" with no need to worry about cost overruns.

The French saw the British as "perfidious partners who frequently withdrew unreasonably from projects".

They believed the British were obsessed with competition, lacked any industrial policy and were incomprehensibly relaxed about US military and industrial dominance.

In spite of these differences, reinforced by the mutual belief that the other side was trying to win the most export orders, both countries wanted the relationship to grow, said the report.

MPs commended collaborative efforts made so far. They praised the plan to build an Anglo-French frigate, a project that was given the go-ahead last week.

The price of failing to work together successfully was high, the report warned. "If we could not extend procurement co-operation with France, a close friend and ally, the prospects for wider collaboration would be very poor indeed."

Defence Committee. First Report. Anglo-French Defence Co-operation, published by HMSO, price £10.85.

MARKETS

STERLING
New York lunchtime:
$1.8163
London:
$1.817 (1.809)
DM2.875 (2.86)
FFr9.82 (9.7675)
SFr2.54 (2.525)
Y234.0 (234.0)
£ index 91.5 (91.0)

GOLD
New York Comex Feb
$361.3 (359.9)
London:
$358.9 (359.15)

N SEA OIL (Argus)
Brent 15-day Jan
$19.05 (18.575)

Chief price changes yesterday. Page 22

DOLLAR
New York lunchtime:
DM1.5855
FFr5.419
SFr1.40
Y128.9
London:
DM1.5825 (1.5805)
FFr5.405 (5.4)
SFr1.3985 (1.3965)
Y128.8 (129.2)
Tokyo close:Y128.73

US LUNCHTIME RATES
Fed Funds: $4\frac{7}{16}$%
3-mo Treasury Bills:
4.232%
Long Bond:
$103\frac{1}{32}$
yield: 7.732%

STOCK INDICES
FT-SE 100:
2,451.6 (+28.3)
FT-A All-Share:
1,174.88 (+0.9%)
FT-SE Eurotrack 100:
1,051.1 (+10.77)
New York lunchtime:
DJ Ind. Av.
2,918.83 (+23.7)
S&P Comp
384.78 (+3.23)
Tokyo: Nikkei
22,754.9 (+1,042.33)

LONDON MONEY
3-month Interbank:
$10\frac{7}{16}$% ($10\frac{15}{32}$%)
Liffe long gilt future:
Mar $96\frac{1}{4}$ (same)

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Croatia critical of UN move

By **Judy Dempsey** in Zagreb and **Quentin Peel** in Bonn

THE governments of Croatia and Slovenia yesterday said the United Nations' recommendation to European Community countries not to recognise their independence unilaterally has given a green light to Serbia – and the federal army it dominates – to continue attacking Croatia.

"I cannot understand Mr Pérez de Cuéllar [the secretary general of the UN]," said Mr Branko Salaj, Croatia's minister of information. "Nor can I understand why he, the US, and the UK believe that recognition will escalate the conflict."

The UN's recommendation was made to Mr Hans Van den Broek, the Dutch foreign minister, on Thursday.

The Netherlands, which holds the presidency of the European Community, will be hosting a meeting for EC foreign ministers in Brussels on Monday. The issue of recognition will be on the agenda.

Mr Ivo Vajgl, Slovenia's foreign ministry spokesman, said: "This is yet another green light to the federal army, and Serbia, to continue fighting in order to keep a collapsing Yugoslavia together. Serbia is already greeting the UN letter."

Despite Mr Pérez de Cuéllar's recommendations, which were made after Mr Cyrus Vance, the UN's special envoy to Yugoslavia, returned to New York last Monday to brief the secretary general, both Slovene and Croat officials believe Germany and other EC countries will recognise them.

"We have assurances from some countries, including Germany, that they will recognise us before Christmas," said Mr Vajgl.

"Germany will definitely recognise us," said Mr Salaj.

Slovene and Croat officials yesterday said the stance adopted by the US, Britain and France, had a two-pronged strategy. "Now that the cold war is over these countries want to contain the political and economic influence of Germany in eastern Europe," said Mr Salaj.

Mr Vajgl said these and other countries in the UN were not prepared to face up to the question of sovereignty and the emergence of new states which want to exercise their independence.

Germany insisted yesterday that it was pressing ahead with its plans for recognition in spite of the fears expressed by Mr Pérez de Cuéllar.

Mr Dieter Vogel, the government spokesman, would only say that Bonn had "noted" the statement by the secretary general, and maintained its desire to recognise the two Yugoslav republics "along with the largest possible number of other members of the European Community".

Germany will argue forcefully for recognition at the EC foreign ministers' meeting on Monday, saying that all necessary preconditions for the move have been fulfilled.

The Foreign Ministry spokesman said Germany was convinced that Croatia would guarantee the rights of minorities in accordance with the CSCE treaty, and would present an independent report to that effect at the Brussels meeting.

Croatia and Slovenia also want the EC to recognise the independence of the southern republic of Macedonia and, possibly, the ethnically-mixed central republic of Bosnia-Hercegovina.

Meanwhile, the Belgrade-based Polityka newspaper, which is a mouthpiece for the Serbian government, yesterday claimed that recognition by Germany would mean that Croatia would be armed by Bonn, and Germany's political and economic influence would dominate Slovenia and Croatia.

Time runs out for Gorbachev: this watch was issued in March 1990 when he was named Soviet president – a post unlikely to exist much longer

Serbia extends federal army service

SERBIA yesterday appeared to be preparing for a prolonged conflict with breakaway Croatia after an order from the Serb-controlled Yugoslav presidency to extend military service in the federal army, Laura Silber writes from Belgrade.

The federal defence ministry said the one-year term for conscripts would be extended by three months while the call-up period for reservists would be doubled to four months.

A western diplomat yesterday said the extension of military service was the logical outcome of the growing resistance to mobilisation in Serbia.

"Serbia and the federal army appear surprised that the conflict is now into its sixth month. They expected a short war and are now confronted with the danger of social unrest in Serbia," he said.

Diplomats based in Belgrade say the federal army has issued call-up orders to about 100,000 Serbs, 20 per cent of whom have gone into hiding or fled the country to escape mobilisation.

Reservists returning from the front are having difficulty readjusting to civilian life, while doctors say pyschiatric wards are filled with former soldiers.

The high rate of opposition to the call-up has forced the Serb-dominated army to rely increasingly on undisciplined volunteers.

The federal army has begun to rein in the estimated 5,000 volunteers under its command, but disillusioned reservists claim the volunteers are given a free hand to loot villages occupied by the Serb-dominated army. Croatia and Serbia have made mutual accusations of atrocities.

Serbia's opposition parties this week have harshly criticised the army and the Serbian government of President Slobodan Milosevic for attacking Croatian cities and villages.

Last chance to help Soviet Union says Cheney

By **David White** in Brussels

WESTERN governments may now have their only chance to help the former Soviet Union achieve democracy and stability, Mr Dick Cheney, the US defence secretary, warned yesterday.

"This may be the best and perhaps the only opportunity in our lifetimes to help them move in the direction they want to move in," he said. "It is incumbent on us to look to ways to have some leverage on that process."

Mr Cheney was speaking after a meeting of Nato defence ministers which was overshadowed by concern about possible consequences of the Soviet break-up and the risk that centralised control over nuclear and chemical arms would be lost.

Nato allies were leaving open the possibility that representatives of newly independent republics might join a foreign ministers' meeting planned next week with the countries of the former Warsaw pact and the Baltic states. Mr Eduard Shevardnadze, the Soviet foreign minister, has been invited to the talks, the first of their kind between Nato and its former adversaries.

Representatives of the republics were already involved in US-Soviet discussions on the safety of nuclear weapons, Mr Cheney said.

It would take "a period of years" to dismantle the 4,700 short-range nuclear weapons which the Soviet Union had promised to destroy in response to a similar move by the US.

Nato officials have voiced particular concern about these smaller nuclear weapons which are widely dispersed and are subject to differing control mechanisms.

The ministers yesterday reiterated their insistence on ensuring reliable control of nuclear weapons under a single authority.

Mr Manfred Woerner, Nato secretary-general, said it was "absolutely essential" that changes in state structures did not lead to a proliferation of nuclear control.

Allies, meanwhile, were looking for alternative sites for the deployment of US fighter aircraft capable of carrying nuclear weapons in southern Europe after the US Congress's refusal of funds for a new base in Italy.

The 72 F-16 aircraft are due to leave the Spanish base of Torrejón next May under a 1988 agreement between Madrid and Washington. The US was to have borne about half the $800m (£444.4m) budget for a new airbase at Crotone in southern Italy.

Army co-operating with Ukraine takeover

By **Chrystia Freeland** in Kiev

THE Soviet Ministry of Defence and Red Army commanders in Ukraine are co-operating with that republic's takeover of Soviet military units stationed on its territory, Ukrainian defence chiefs said yesterday.

Earlier in the week it seemed that the central government would oppose the unilateral move, but Ukrainian officials said a deputy Soviet defence minister had been sent to Kiev to negotiate the transfer of troops.

Although 60 per cent of officers serving in Ukraine are ethnic Russians, Ukraine's minister of defence, Colonel General Konstantin Morozov, himself a Russian, said he was confident of their loyalty to the republic.

All nuclear weapons remain under central control and Ukraine has no plans to take them over, Col Gen Morozov said.

Nuclear missiles are to be controlled through a single command structure created by the new Commonwealth of Independent States, Col Gen Morozov said, while a treaty outlining the details of this arrangement is to be negotiated by the nuclear republics in the near future.

Col Gen Morozov said that the Kiev, Odessa and Trans-Caucasian military districts, as well as part of the Black Sea fleet, would form the basis of the Ukrainian armed forces.

Some air force units and part of the Black Sea fleet have nuclear capacity and will be collectively controlled.

Col Gen Morozov said that the issue of tactical nuclear forces had not been entirely resolved in the short term, although in the long run Ukraine intended to dismantle any such weapons on its territory.

IMF sets up section for former Soviet republics

By **Michael Prowse** in Washington

THE International Monetary Fund is creating a department to cover dealings with the Soviet republics and the Baltic states of Estonia, Latvia and Lithuania.

The move formalises an unprecedented shift of personnel within the fund to meet the challenges being posed by the disintegration of the Soviet Union. One in six IMF economists is now involved in the effort to reform formerly communist countries.

The new department will be headed by Mr John Odling-Smee, a former senior economist at the British Treasury. Mr Odling-Smee has been co-ordinating the fund's activities in the region.

The creation of the department – the first to be composed entirely of non-members of the fund – is a reflection of the importance which is attached by Mr Michel Camdessus, managing director of the fund, to economic reform in the Soviet republics and Baltic states.

An official said that between 120 and 130 IMF economists were now working on the region, although not all full-time.

A further 25 to 30 are working on eastern Europe, which will continue to be part of the fund's European department.

In addition to contacts with Soviet authorities in Moscow and the Baltic states, the fund has sent missions to Russia, Kazakhstan and, this week, Ukraine. Another mission will be visiting Belorussia next week.

The fund's aim is to have visited all the Soviet republics by the end of the year.

Fund staff are helping republics prepare for membership and providing extensive policy advice and technical assistance in fields such as macroeconomics, central banking, fiscal policy, and national accounting. Several republics hope to have comprehensive structural adjustment programmes in place by the first quarter of next year.

The fund has so far hired few new economists. Officials said however that it was likely to make greater use of consultants, staff on short-term contracts and economists seconded from central banks and treasuries.

In the short term, however, the Soviet challenge seems certain to increase the strain on departments monitoring fund programmes in indebted Third World countries.

E Germany faces bleak winter, Treuhand warns

EAST Germany, facing plummeting exports to the former Soviet Union and a sharp rise in company closures, will undergo wrenching economic shocks in coming months, officials of the Treuhand privatisation agency warned, Leslie Collit writes from Berlin.

"We will have a difficult winter before us," a senior official predicted. Many large east German engineering companies and shipbuilders which exported up to 80 per cent of their output to the former communist bloc would be in "extremely serious trouble" if trade continued to shrink, one official said.

The government's Hermes export credit guarantee agency has approved only DM7.2bn (£2.52bn) in exports to Soviet companies next year compared with DM9.7bn this year and DM16bn in 1990. Trade with the Soviet Union made up 60 per cent of east German exports last year and 40 per cent of a greatly reduced amount this year.

From next month east German export contracts with Soviet companies will no longer be exempted from the normal 15 per cent down-payment required to qualify for Hermes credit.

"If the Treuhand has to pick up the 15 per cent it would cost us additional billions," the official said.

Treuhand officials did not indicate whether the collapse of trade with the east would widen the agency's deficit next year, which it estimated at DM32bn.

The privatisation agency plans to step up the pace of company closures in coming months, winding down the operation of the least viable companies which make up 8 per cent of the Treuhand's more than 6,000 still-unsold companies.

All told, 30 per cent of the former state companies have been found unworthy of restructuring or privatisation.

West European car sales slide as German demand weakens

By **Kevin Done**, *Motor Industry Correspondent*

NEW CAR sales in western Europe fell by 10.6 per cent in November to an estimated 967,000. Demand weakened significantly in Germany and sales continued to fall sharply in the UK and France.

According to industry estimates, western European new car sales in the first 11 months of the year, at 12.714m, were just 0.3 per cent up from the same period a year earlier.

However, registrations have been lower than a year ago in each of the last four months.

The surge in German new car sales – fuelled by unification – which was the main prop to western European new car demand in the first seven months of the year, is abating, while key markets elsewhere, such as the UK and France, remain in deep recession.

German new car sales have been the key factor in the development of the western European market this year.

Excluding Germany, sales in the rest of western Europe in the first 11 months, at an estimated 8.764m, were 9.1 per cent lower than in the corresponding period a year ago.

New car sales in Germany, including eastern Germany since July 1990, jumped by an estimated 30 per cent in the first 11 months this year to 3.95m. German demand has been falling since August, however, and in November German registrations, at an estimated 281,000, were some 19.1 per cent lower than a year ago.

Without the sudden access to eastern Germany, western car makers would have faced a sharp decline in demand in western Europe this year. The additional market is larger than that of the Netherlands, Belgium and Luxembourg, Switzerland or Austria. However, sales are expected to fall in 1992, as the German market weakens and there is only modest recovery in the UK and France.

In the first 11 months of this year industry estimates show that new car sales fell in 11 markets across western Europe and were higher than a year ago in six.

In November alone sales fell in 10 of 17 western European markets including falls of 14.3 per cent in France, 14.4 per cent in the UK, 1.4 per cent in Italy, and 19.1 per cent in Germany. Of the five leading volume markets, only Spain showed a modest increase of 1.2 per cent.

The share taken by Japanese-badged cars in western Europe rose to an estimated 12.5 per cent in the first 11 months, from 11.8 per cent a year ago, reflecting a 6.6 per cent rise in sales volume to 1.59m.

Among the big six European volume car makers the Volkswagen group which includes Audi, SEAT and Skoda, has tightened its grip on the leadership of the car market, while Ford of the US has also gained ground, thanks to a strong performance in Italy, France and Germany. By contrast Fiat of Italy has suffered a 9 per cent drop in sales volume across Europe, while the fortunes of the Peugeot group of France have also weakened with a 6.7 per cent decline.

WEST EUROPEAN NEW CAR REGISTRATIONS*
January-November 1991

	Volume (Units)	Volume Change(%)	Share (%) Jan-Nov 91	Share (%) Jan-Nov 90
TOTAL MARKET*	12,714,000	+0.3	100.0	100.0
MANUFACTURERS:				
Volkswagen**(incl. Audi,SEAT&Skoda)	2,079,000	+4.8	16.4	15.6
Fiat (incl.Lancia, Alfa Romeo,Ferrari Innocenti,Maserati)	1,624,000	−9.0	12.8	14.1
General Motors (Opel/Vauxhall, US# & Saab)	1,536,000	+1.1	12.1	12.0
– Opel/Vauxhall	1,475,000	+1.3	11.6	11.5
– Saab**	48,000	−11.0	0.4	0.4
Ford (Europe, US# & Jaguar)	1,531,300	+4.4	12.0	11.6
– Ford Europe	1,516,000	+4.9	11.9	11.4
– Jaguar	12,000	−33.7	0.1	0.1
Peugeot (incl. Citroen)	1,515,000	−6.7	11.9	12.8
Renault††	1,264,000	+1.6	9.9	9.8
Mercedes-Benz	431,000	+6.6	3.4	3.2
Nissan	417,000	+13.3	3.3	2.9
BMW	386,000	+12.9	3.0	2.7
Toyota	345,000	−0.1	2.7	2.7
Rover†	327,000	−12.0	2.6	2.9
Mazda	277,000	+3.5	2.2	2.1
Volvo††	185,000	−16.4	1.5	1.8
Mitsubishi	183,000	+7.9	1.4	1.3
Honda†	162,000	+5.4	1.3	1.2
Total Japanese	1,591,000	+6.6	12.5	11.8
MARKETS:				
Germany*	3,950,000	+30.0	31.1	24.0
Italy	2,182,000	−1.0	17.2	17.4
France	1,866,000	−13.1	14.7	16.9
United Kingdom	1,534,000	−21.2	12.1	15.4
Spain	817,000	−11.0	6.4	7.2

*Includes eastern Germany since July 1990.
#Cars imported from US and sold in western Europe.
**VW holds 31 per cent and management control of Skoda.
**GM holds 50 per cent and management control of Saab Automobile.
†Honda holds a 20 per cent stake in Rover vehicle operations.
††Renault and Volvo are linked through minority cross-shareholdings.
Source: Industry estimates

Bundesbank pledge on D-Mark

By **Andrew Fisher** in Frankfurt and **Quentin Peel** in Bonn

MR HANS Tietmeyer, deputy president of the Bundesbank, yesterday sought to reassure Germans concerned about the disappearance of the D-Mark under European monetary union by saying that the central bank would defend the currency's strength until union took place.

The currency would also be safeguarded after mid-1998 by a "European central bank à la Bundesbank", regardless of whether Emu was introduced in 1997 or 1999. Those with assets in D-Marks need not be concerned, he said. EC countries which met the Emu convergence targets would have to decide unanimously on the fixed rates between the EC currencies.

Mr Tietmeyer's comments came as domestic criticism of the EC union agreement focused on the failure of Mr Kohl to obtain a more substantial treaty on political union to match the Emu treaty. Mrs Ingrid Matthäus-Maier, finance spokeswoman for the opposition Social Democrats, said her party welcomed Emu, but suggested that the future European currency might continue to be called the Mark to reassure German citizens.

She accused the chancellor of "buckling" to other countries, notably Britain and France, in failing to win more powers for the European parliament, and failing to ensure 18 extra seats for members from east Germany.

● Balance of payments figures from the Bundesbank for October showed that foreigners invested DM10.2bn ($6.4bn) in German securities, mostly bonds, compared with DM5.7bn the previous month. The current account deficit – was DM3bn after DM1.7bn in September. But after seasonal adjustments, it was lower; on this basis, the DM5bn deficit of the past three months was less than half as much as in the previous three months.

MEPs fail to agree Maastricht resolution

By **Andrew Hill** in Brussels

RED-FACED MEPs failed to approve a resolution on the outcome of the Maastricht summit late on Thursday night after unacceptable amendments were added to their original cautious draft.

After four hours of debate, the European Parliament's inability to produce a cogent response to a treaty which offers them enhanced powers was an embarrassment for deputies and an ignominious end to the two-and-a-half-year presidency of Mr Enrique Baron Crespo, the Spanish Socialist.

The European Parliament's silence on Maastricht was an ignominious end to the two-and-a-half-year presidency of Mr Enrique Baron Crespo, the Spanish Socialist.

It was Mr Baron's last plenary session before January, when he is expected to hand over the post to Mr Egon Klepsch, a German Christian Democrat MEP.

MEPs had already decided to delay a conclusive debate and resolution on the treaty. If Strasbourg rejects the text, the Italian and Belgian parliaments have said they will refuse to ratify it.

The original resolution merely welcomed progress at Maastricht, while regretting deficiencies in the final treaty.

However, the addition of several unpalatable amendments prompted MEPs to throw out the whole motion by a narrow majority.

One amendment tabled by British Labour MEPs proposed condemning the British government for "excluding its citizens" from the social chapter of the treaty.

Another, from German MEPs, suggested a special summit should be called with the aim of granting the parliament an even greater say in EC law-making.

Ireland faces winter of discontent over pay deal

IRELAND faces a "winter of discontent" of industrial action after Mr Charles Haughey, the prime minister, told trade union leaders yesterday that the government has decided to cut some I£100m (£94m) from a package of I£340m in public sector pay awards promised for 1992, Tim Coone reports from Dublin.

Leaders of all the main public sector unions warned earlier this week that if the government reneges on the awards, which were agreed last year under the Programme for Economic and Social Progress, they will recommend industrial action to their members. The 180,000-strong civil service is due to be ballotted by its unions in the course of the next two weeks.

Portugal announces tight budget

The Portuguese government will carry out a "rigorous" budgetary policy to fight inflation and reduce the public sector deficit, Mr Jorge Braga de Macedo, finance minister, said yesterday. There will be tight controls on expenditure and efforts to keep wage rises at moderate levels, Patrick Blum reports from Lisbon.

The aim is to bring annual inflation, now at about 11.4 per cent, closer to the European average to allow Portugal to meet requirements for full Economic and Monetary Union (Emu). Mr Braga de Macedo suggested the requirements of stage 3 of Emu, including the adoption of the Ecu as the common European currency, could be met by Portugal by the 1999 deadline.

Reverse in Spanish inflation feared

Spanish consumer prices rose 0.1 per cent in November, raising annual inflation to 5.7 per cent and triggering fears that the government's successful but slow efforts to draw price rises down this year may be about to slip into reverse, Peter Bruce writes from Madrid.

Warning on EC treaty precedent

By **David Gardner** in Brussels

THE way in which Britain has opted out of the social policy measures that its 11 EC partners intend to enact outside the new European Union treaty sets a precedent whereby the UK could be left out of union arrangements in other areas.

This was the view of Mr Bruce Millan, the UK's junior European commissioner in charge of regional policy, who said he did not think the Maastricht compromise on social policy would long survive legal challenge.

Mr Millan, a former secretary of state for Scotland in the last Labour government, said yesterday it was "deplorable and humiliating for the UK that the government was not willing to take on these obligations". An advanced economy like the UK had "no excuse" for not improving workers' conditions when developing countries such as Portugal felt they could, he said.

But Mr Millan argued that the agreement, which in theory allows Britain to remain with lower levels of social and labour protection, would eventually fall foul of European competition law, because of the unfair advantage it confers.

"I don't think this is sustainable in the longer term," he said. "The [legal] advice I have is that it will be challenged sooner or later."

He warned of dangers in starting on a two-tier road, since "if you can do it for social policy, then you can do it for other things too."

As the dust settles after the Maastricht agreement early last Wednesday morning, some EC officials are speculating that Britain may have handed its partners a powerful mechanism through which to pursue their federalist ambitions.

The mechanism agreed on social policy is a protocol to the treaty allowing the 11 to use all the Community's institutions to make laws, based on the more advanced social measures Britain managed to keep out of the text. Most EC officials assume Britain will eventually have to accept these laws, without having had the chance to dilute them. But some also speculate that the 11 could use the precedent to bring new, union treaty policies on immigration and foreign policy under the Community institutions.

Britain was a prime mover in keeping co-operation on foreign policy and most immigration issues as a matter for the 12 governments, with the European Commission and parliament getting only a consultative role. This inter-governmental arrangement, however, is to be reviewed in 1996.

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US bank law omission threatens chaos for foreign institutions

By George Graham in Washington

THE omission of a single word from the banking reform act passed last month by the US Congress threatens to cause massive disruption to foreign bank operations in the US.

The word "retail" dropped almost unnoticed out of the banking bill at 5am on November 26, as weary congressmen tried to negotiate a compromise between divergent bills passed by the House of Representatives and the Senate.

Its omission could compel foreign banks to choose between closing hundreds of corporate accounts and converting their US branches at great expense to subsidiaries – or risk up to five years in prison.

In the past, foreign banks were not allowed to accept retail deposits at their US branches, unless they set up a full subsidiary and obtained guarantees from the Federal Deposit Insurance Corporation (FDIC). Wholesale deposits, however, were allowed.

The new bill requires a full subsidiary and FDIC protection for any deposits under $100,000, without distinguishing between wholesale and retail.

Japanese and European banks complain that this would stop them from providing a full service to their corporate customers. Companies often maintain transactions accounts which they use to gather payments until they have enough money at hand to invest directly in the money market.

Only a handful of foreign banks have gone to the expense of setting up a separate subsidiary in the US. Most have only a branch or an agency.

"Literally interpreted, this could cause massive disruption in states like Florida and New York," says one congressional aide.

Officials from the Treasury, the Federal Reserve Board and the Office of the Comptroller of the Currency met this week to work out ways of handling the problem.

Lawyers who were present say they would like informal approval from Congress for interpreting the act in a way that preserves the distinction between wholesale and retail deposits.

They warn, however, that there is a limit to how far the regulators can go in interpreting the legislation, and that they may need a new bill to correct the controversial clause.

Treasury officials are concerned that the act as currently drafted could expose the US to charges of unfair discrimination against foreign banks – which could invite reprisals against US banks abroad.

Federal and state bank regulators, too, want the change reversed.

"We are not sure if the deletion of the word "retail" was inadvertent or deliberate," said Mr Derrick Cephas, superintendent of banks in New York, whose state includes most of the foreign banks operating in the US.

Many Congressional aides are not sure, either, but some House Republicans accuse Senator Donald Riegle, the Democratic chairman of the Senate banking committee, of doing a "snow job" on the House negotiators by misrepresenting the effects of the legislative language he wanted them to agree to.

House Democrats acknowledge that the act as passed does not do exactly what they had expected, but play down the dispute with the Senate. Should the Senate insist on the literal application of the bill, however, the issue could blow up.

Noriega prosecutors near end of evidence

By Henry Hamman in Miami

PROSECUTORS in the Miami drug trafficking trial of Gen Manuel Antonio Noriega say they expect to complete their case against the former Panamanian leader on Monday.

The case will have consumed more than three months of testimony by 46 witnesses – many of them confessed drug traffickers – in the effort to convince a jury that Gen Noriega turned his country into a key component of the cocaine pipeline from Colombia to the US.

The general is alleged to have used his official position and influence to permit Colombian drug traffickers to establish bases in Panama for manufacturing and transporting cocaine destined for the US and to launder drug money in Panama's banks.

Conviction on all the charges against him would leave Gen Noriega facing a potential sentence of well over 100 years in US prison and fines in excess of $1m (£500m).

The centrepiece of the indictment against Gen Noriega is a conspiracy charge, which is brought under the US Racketeer-Influenced Corrupt Organisation (Rico) Act. To be convicted of a Rico violation, it is only necessary to show that a defendant was knowingly a part of a conspiracy that committed two or more overt acts of racketeering, even if the defendant did not participate in the acts.

A number of the general's former associates, as well as Mr Carlos Lehder Rivas, a former Medellín Cartel member, have testified that Gen Noriega had dealings with the cartel, an organisation which meets tests imposed by the Rico act.

To defuse this testimony, the general's lawyers have attacked the co-operation agreements the government has made with its witnesses.

The general's defence is due to begin Tuesday and is expected to be completed by late January or early February.

Theresa Ramashamole, one of the Sharpeville Six murder defendants, hugs her mother outside a prison south of Johannesburg after her release from jail yesterday. Also freed was another of the six, Reid Mokoena, agencies report from Johannesburg. Miss Ramashamole said: "I have always believed I would be released. I did not kill anyone. I was sentenced for nothing." The case, which involved a mob murder in the Sharpeville black township, gained international attention because the six were convicted and sentenced to death in 1986 on the principle of "common purpose". Under the ruling, the identity of the killer or killers could not be clearly established, but the six were convicted because they were identified as taking part in the attack. Human rights groups and foreign governments protested at the death sentences, and they were eventually lifted.

US inflation rate edges higher

By Michael Prowse in Washington

US consumer prices rose 0.4 per cent last month, a bigger increase than expected in financial markets. Analysts, however, do not expect residual worries about inflation to stand in the way of further cuts in interest rates to revive the sluggish economy.

Some economists expect the Federal Reserve to cut the discount rate, currently 4.5 per cent, soon after next Tuesday's meeting of its policy-making open market committee. Mr Michael Boskin, the White House chief economist, applied pressure in Congressional testimony this week, arguing that the Fed had "ample room" to cut rates.

Fed officials, however, may be disappointed that the inflation figures were not better. Last month's increase was higher than the average in recent months. The year-on-year rate of inflation edged higher to 3.0 per cent compared with 2.9 per cent in October.

The closely followed "core" consumer price index, which excludes the volatile food and energy components, rose 0.3 per cent, slightly down on the average monthly increase this year of 0.4 per cent.

Separate figures yesterday showed that business inventories rose modestly in October for a second month. The rise was in line with slightly higher business sales.

Most analysts, however, expect companies to try to curb a further build-up of inventories given the deteriorating outlook for growth.

NEWS IN BRIEF

Two Koreas sign reconciliation pact

NORTH Korea and South Korea, cold war adversaries for more than 40 years, yesterday signed a historic agreement on non-aggression and reconciliation, John Ridding reports from Seoul.

The agreement, the first substantial accord between the two sides since the end of the 1950-53 Korean war, is an important step in easing tensions across the highly-militarised Korean border and improving relations.

In a meeting between their prime ministers, the two sides also agreed to work toward a nuclear-free peninsula. A joint statement said delegates would meet at the border village of Panmunjom to discuss details on nuclear issues this month.

Japanese businesses failing

Corporate bankruptcies continued to rise sharply in Japan last month, with the number of business failures 75.1 per cent higher than a year ago, the Teikoku Data Bank said yesterday, Steven Butler reports from Tokyo. The number of bankruptcies, at 1,070, was the highest for the year, in a reflection of the progressive slowing of the economy. Total liabilities reached Y784.9bn (£3.4bn), the sixth largest on record.

Bond staves off bankruptcy

Failed Australian tycoon Alan Bond, facing a court order to pay a personal guarantee of US$194m (£107.7m), dollars, staved off bankruptcy for at least another 48 hours yesterday, Reuter reports from Sydney. Federal Court Judge Michael Foster allowed Mr Bond to apply to have a bankruptcy notice set aside. The court will hear the application on Monday but Mr Bond will not be present, his lawyer said.

Zimbabwe land bill for debate

Zimbabwe's controversial bill to transfer land from white farmers to landless African peasants is ready for parliamentary debate, President Robert Mugabe said yesterday, Reuter reports from Harare. Land redistribution was a key element in the bitter guerrilla war that ended white minority rule and brought independence to Zimbabwe with a black majority in 1980.

Zambia cuts subsidies

Zambia cut subsidies on maize meal and removed controls on meal prices yesterday, answering a key demand by donor nations as the government struggles to revive the country's economy, Reuter reports from Lusaka. It was the first big economic step by the MMD government which took office six weeks ago.

Nigerian polls test move to civil rule

NIGERIANS vote today in crucial elections for state governors and assemblies after bruising campaigns that appear to have clouded prospects for a permanent end to army rule, Reuter reports from Lagos.

The polls in all 30 states of Africa's most populous country will be a test of military plans to restore civilian rule late next year after national assembly and presidential elections.

Nigeria has been under army rule for 21 of the 30 years since independence from Britain – years scarred by religious and ethnic tensions, corruption, electoral fraud and violence.

President Ibrahim Babangida has reiterated a commitment to the programme of transition to civil rule. He told senior army officers this week: "Today, there is an unquestioned and universal belief that democracy, even though it has different versions, is the only form of government which the international community will respect."

New governors are expected to be installed on January 2, starting a critical period of joint administration before presidential polls that could polarise positions between Nigeria's mainly Moslem north and predominantly Christian south.

Hundreds of Christians fearing sectarian violence during the polls have fled northern Kano state, residents say. Kano was the scene in October of Nigeria's worst religious riots in a decade.

The run-up to today's poll has been marked by apathy, acrimony in the two military-created parties and harsh government action to whip candidates and supporters into line.

The government last week detained 13 former legislators, among several thousand banned from politics, after reports of widespread electoral fraud and violence in party primaries.

Corruption was a big factor behind coups in 1966 and 1983 that ended Nigeria's two previous experiments with civil rule.

Some former cabinet ministers have said the level of fraud in primaries was the worst seen in Nigeria and questioned the transition process, especially the two-party system.

The National Republican Convention (NRC) and the Social Democratic Party (SDP) are due to put up one candidate per state each, as well as contenders for individual state assemblies.

The government created the welfarist SDP and the free enterprise NRC in 1989 with the aim of introducing politicians free from the old vices of fraud and vote rigging.

Both parties, hit by the creation of nine states in August, are relying for victory on the personalities of candidates rather than on solid issues, such as how to alleviate mass poverty in an oil-rich country of some 100m people.

The SDP narrowly beat the NRC in last year's local council polls, in which less than 30 per cent of an electorate estimated at 60m were reported to have voted.

Scant hope of escape in Lebanon's vicious circle

Hugh Carnegy on the prospects for peace as seen from Burj Qallawiyah, in the Israeli security zone

THE craggy hills and deep wadis of Lebanon's southern border country – now chilled by winter wind and rains – harbour the closest thing to a "hot" Arab-Israeli war to be tackled by delegates to the Middle East talks in Washington.

For years the scene of countless strikes against Israel by Palestinian guerrillas, these days it is more commonly fighters from Hizbollah, the Lebanese Islamic fundamentalist organisation, who attack the Israelis and their local militia ally, the South Lebanese Army, with small arms, rockets and roadside bombs.

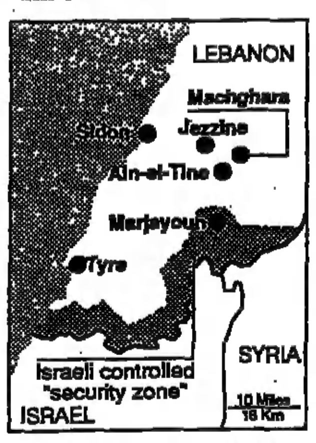
At the time of the Madrid Middle East peace conference in late October, six Israeli soldiers were killed in the "security zone" which the Israeli army and the SLA occupy and control along the northern side of the Israeli-Lebanese border. The Israelis retaliated with punitive air attacks and repeated artillery bombardments on villages beyond the security zone, probably killing and wounding just as many, including civilians.

The fighting has, for the time being at least, died down. But the area bears all the scars of a chronic conflict. Even a short journey requires passing through numerous checkpoints manned by the SLA or by troops from UNIFIL, the United Nations Interim Force in Lebanon, which bravely but vainly attempts to keep the sides apart.

The Lebanese Army, symbol of the regenerated national government in Beirut, is deployed around Tyre, the chief city of the south. But its writ does not run in the main areas of fighting, where the absence of a central authority is everywhere evident in unlicensed cars and unsightly, unfettered and often unfinished construction work.

In Burj Qallawiyah, a drab hilltop village just outside the Israeli security zone, Sayyed Ali al-Amin, a prominent local Shi'ite Moslem cleric, has a simple message for the negotiators in Washington. "We are trapped in a circle. The Israelis say they won't withdraw because of the resistance and the resistance won't stop until the occupation ends. We need to find a third solution."

He believes the Israelis should withdraw and let the Lebanese army implement their rule in the south – with UN support. "If so, there will be no reason for anyone to say I have to liberate my land, because the land will be liberated."



This would certainly fulfil the conditions of UN Resolution 425 calling for an Israeli withdrawal which all the Arab parties demand. And Mr Yitzhak Shamir, the Israeli prime minister, said in Madrid that Israel had no territorial claims in Lebanon as it has in the Golan, the West Bank and Gaza.

But a settlement is far from being so simply achieved. Israel does not trust the Islamic militants – principally Hizbollah – to cease attacks on Israel after a withdrawal, especially given their ideological denial of the right of Israel to exist. Israel is also far from convinced that the Palestinians remaining in Lebanon, for now largely subdued, will not be able to launch border attacks after a withdrawal.

More than that, Israel says it will not withdraw until there has been a full withdrawal from Lebanon of Syrian forces which are widely deployed in the centre and north of the country. It accuses Syria, which Israel regards as holding all the effective power in Lebanon, of using Hizbollah and Palestinian groups to fight a proxy battle against it.

It would not be difficult to find an array of hardliners from different factions in Lebanon to cite as evidence for the Israeli case. But Sayyed al-Amin, Iranian-educated and once close to the Hizbollah camp, takes a different line which poses a much greater and more disconcerting challenge to the Israelis.

"The Israeli presence day by day makes (the extremists) stronger. They are giving them life – a reason to exist. Let them withdraw and these people will melt away – they would no longer have any support among the people."

Sayyed al-Amin is identified with Amal, the mainstream Shi'ite organisation which has at times clashed violently with Hizbollah. He is cherished and protected by UNIFIL which regards him as a rare voice of reason commanding widespread local respect.

He says the willingness in the past of the local Shi'ite population to allow the Palestine Liberation Organisation to attack Israel from their lands was a "deadly mistake" which brought calamity in the form of Israeli invasion and occupation. "It will not happen again. We will not be the only ones to suffer for the Palestinian cause. They know that the game from south Lebanon is finished."

But Sayyed al-Amin does not believe the Israelis are willing to test this. He thinks what they really want is to stay in south Lebanon. In which case, there will not be peace. "You cannot have peace without freedom," he says.

Donors pledge $700m for rebuilding

INTERNATIONAL donors have pledged $700m towards the $1.5bn needed for urgent reconstruction work in Lebanon, the World Bank said yesterday, Reuter reports from Paris.

Mr Caio Koch-Weser, World Bank vice-president with responsibility for the Middle East, said the Lebanese economy was fundamentally sound despite 16 years of civil war and foreign invasion.

However, aid was needed to restore telecommunications, repair water, waste and electricity services and build houses for 800,000 people – almost a quarter of the population – displaced by fighting.

Mr Omar Karami, the Lebanese prime minister, Mr Ali al-Khalil, the finance minister, and other senior officials met delegates from 11 donor countries and 13 international agencies on Thursday. Represented at the meeting were Britain, France, Germany, Italy, Japan, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates and the US.

Teddy Kollek: threat to peace talks

Jerusalem mayor hits at settlers

By Hugh Carnegy

MR TEDDY Kollek, the veteran mayor of Jerusalem, yesterday bitterly attacked the Israeli government for allowing a group of Jewish settlers to move into an Arab area of the city.

He said support for such extremists fostered Arab-Israeli hatreds and threatened the Middle East peace talks.

About 30 settlers took over six houses in the village of Silwan, close to Jerusalem's Old City, under armed police guard on Thursday after winning permission from Mr Yitzhak Shamir's hardline government.

The settlers left one house yesterday after a court ruled against evicting the Arab occupants, but otherwise won court backing for their claim that they had legally purchased the properties, which stand over the site of the ancient city of King David.

Mr Kollek, who was bypassed by both government and settlers in the affair, was furious at the latest in a series of such breaches of Jerusalem's fragile communal structure. Such actions strained the already delicate peace talks as well as relations in the city, Mr Kollek said.

The long-term aim of many is to make the city completely Jewish. Although Mr Kollek supports Jewish settlement of many previously undeveloped areas of east Jerusalem, he has tried to avoid encroaching into established Arab-populated districts, particularly in and around the highly sensitive Old City.

"Does anyone seriously think that there will not always be Moslems and Christians in Jerusalem – that we can ignore their rights and expect the world to respect our own?" Mr Kollek asked.

Expressions of Interest for CASINO FACILITIES IN CAIRNS the hub of Australia's tropical playground.

Expressions of Interest are being sought for the establishment of hotel-casino and convention facilities at Cairns, the hub of Australia's tropical playground and the premier tourist city of far-north Queensland.

At the northern gateway to the Great Barrier Reef, Cairns has spectacular tropical rainforest mountains within minutes of the city and many more tourist attractions in the surrounding region.

The Queensland Government is seeking to establish unique and memorable casino facilities in this well-established northern centre.

Interested applicants are invited to make submissions for the total delivery of pre-design investigations, design, construction, fitout, commissioning, financing and operation of the proposed hotel-casino facility. The submissions are also to provide for the design and construction of convention facilities.

The principal components of the project are: hotel, casino, entertainment facilities, restaurants, bars, specialty retail shopping, landscaped open spaces and associated areas as well as a convention centre which would also accommodate exhibition and banqueting facilities.

The Queensland Government is seeking to ensure the highest standard of casino facilities are complemented by impeccable operations and the broader objective of maximum enhancement of the State's tourist industry through the provision of first-class international-standard accommodation with ancillary facilities.

For further details, send for an explanatory brochure to:

The Under Treasurer
Queensland Treasury
c/- Casino Control Division
87 Ipswich Road
WOOLLOONGABBA Q 4102

Australian calls:
(07) 877-1177 or fax (07) 877-1117
International calls:
61-7-877-1177
or fax 61-7-877-1117

Labour attack on Major over social chapter

By Ralph Atkins

LABOUR accused Mr John Major, the prime minister, yesterday of making misleading claims after Mr Michael Howard, employment secretary, accepted that British backing for the European social chapter would not have meant repealing 1980s union laws.

Labour suggested that his remarks had been at odds with those of Mr Major, who said in the Commons on Thursday that he had "no enthusiasm for returning to the sort of legislation" that applied in the 1970s. That was interpreted by Labour as implying that he believed that UK acceptance of the social chapter would have required repeal of the 1980s laws.

Asked on Channel Four if he believed the union reforms under Mrs Margaret Thatcher would have to be reversed, Mr Howard said: "We have never actually said that any of those laws would have to be repealed."

Mr Neil Kinnock, Labour leader, reacted angrily, accusing Mr John Major of making assertions "designed to mislead". He said the prime minister should accept that the social chapter's "sole purpose" was to introduce decent standards for employees.

"That the prime minister should deliberately seek to deprive the British people of those benefits is shameful enough," Mr Kinnock said. "But to mislead the British people as to the true nature of the social chapter is a disgrace."

Mr Tony Blair, shadow employment secretary, said the government was "in full and undignified retreat".

Britain's refusal to accept the social chapter forced the other 11 European Community members to set up a separate protocol on social policy at this week's Maastricht summit. Labour believes the government's decision was an own goal because of the political capital it gave the party.

Mr Blair said Unice, the European Community employers' organisation, had told him it had concluded that the relevant articles 118a and 118b of the social chapter "cannot be used in any way connected with laws relating to unions – and in any event we would not agree to any agreement that did have such effect".

Mr John MacGregor, leader of the Commons, said in Bury St Edmunds last night: "It would be disastrous if we now allowed the imposition of the kind of rules and regulations from Brussels which are not right for Britain."

Lilley scotches 'quitting' rumours

By Ivor Owen, Parliamentary Correspondent

MR PETER LILLEY, trade and industry secretary, yesterday ended speculation that he was contemplating resignation over the agreements entered into by Mr John Major, the prime minister, at the European Community summit at Maastricht.

He praised the "excellent deal" reached by Mr Major, Mr Douglas Hurd, foreign secretary, and Mr Norman Lamont, the chancellor.

Mr Lilley was quoted in yesterday's Daily Telegraph as saying he would have "preferred no deal" when he attended a gathering of the anti-federalist Bruges group.

Nevertheless, he commended the outcome of the Maastricht negotiations in the Commons when, to the surprise of some of his senior colleagues, he undertook the role normally filled by a junior minister by responding to a low-key debate initiated by a Tory backbencher.

Mr Lilley argued that Labour's readiness to accept any commitment involving the transfer of powers to the EC would have made it unnecessary for any of its leaders to attend Maastricht.

He said: "They could have signed the communiqué when it was telexed to them at the end of the negotiations."

A soldier combs through the ruins of a police station at Craigavon, Co Armagh, yesterday. The station was destroyed by a 2,000lb IRA bomb which exploded without warning on Thursday night, and those injured included a woman left critically ill with a heart condition, as well as six police officers and 59 civilians treated for minor injuries. Mr Hugh Annesley, chief constable of the Royal Ulster Constabulary, called the attack an "indescribable evil" which had left people homeless and in despair in the run-up to Christmas. A Roman Catholic church, a school and almost every home within 100 yards of the police station were badly damaged, with shattered doors and windows and collapsed ceilings.

Minister urges refunds for BR Kent commuters

By Ivor Owen and John Willman

BRITISH RAIL is being pressed by the government to compensate commuters who have suffered from frequent cancellations and train failures on its north Kent service.

Mr Roger Freeman, junior transport minister, told the Commons yesterday there had been an "obvious" deterioration in those services.

He said: "I am asking BR to consider, as an immediate gesture, providing some form of compensation – probably by way of rail vouchers – to the passengers who suffered this disruption over the last three or four months."

This is the second occasion on which ministers have insisted on compensation for passengers. In 1989, passengers using London's Liverpool Street station were given vouchers for free travel after resignalling work severely disrupted services.

The move is seen by opposition parties as another attempt to placate disgruntled voters before the general election.

It follows Thursday's disclosure that building societies were being urged by ministers to slow the growth in the number of owner-occupiers losing their homes through repossession because of mortgage arrears.

Mr Freeman also announced that, from January 1, season ticket holders using Kent coastal services would automatically be offered compensation if new performance standards set for 1992 were not met.

He confirmed that under the terms of the Citizen's Charter, published in July, similar compensation arrangements would be available for all season ticket holders "locked in" to Network SouthEast services.

Proposed NUM merger on brink of collapse

By David Goodhart, Labour Editor

THE PROPOSED merger between the National Union of Mineworkers and the TGWU general workers' union has almost certainly collapsed.

Mr Bill Morris, general secretary-elect of the TGWU, said yesterday that the NUM executive's rejection of his union's terms meant that the merger "looks as if it is heading towards the end of the road".

The NUM has been reduced to fewer than 50,000 members because of the rapid closure of pits since the 1984 miners' strike and the defection of most Nottinghamshire miners to the moderate Union of Democratic Mineworkers.

It remains, however, an attractive merger proposition, partly because of its assets, valued by the TGWU at more than £30m. Complicating a merger is the independence of the NUM regions and the deterrent effect of Mr Arthur Scargill, the militant NUM president.

It is mainly because of NUM insistence on an assistant general secretary's post for Mr Scargill in the combined union, as opposed to the national secretary post on offer, that the talks have failed.

The NUM also wanted the proposed TGWU energy group to include a broader spectrum of workers, whereas the TGWU wanted to restrict Mr Scargill's influence in areas such as nuclear power.

Mr Morris said he was "extremely disappointed" by the NUM decision to reject the TGWU's terms. He said the only way forward was for the NUM executive to put the existing terms out to ballot and for that ballot to vote in favour. Neither development is likely.

The TGWU leader admitted that the terms of the offer had been framed "not only to attract the NUM in but also to prevent too many TGWU members from going out". Many senior TGWU officials will be relieved that the talks have failed because of the political difficulty of persuading members to accept any merger with a dwindling union run by Mr Scargill.

● Negotiators representing manual workers at Vauxhall, the General Motors subsidiary, have rejected a final pay offer that would have led to a 5 per cent rise in the first year of a two-year deal and maintained existing working hours.

Plea on university fees opposed

By Andrew Adonis

THE government is strongly opposed to universities charging fees to UK students as a means of funding expansion, Mr Kenneth Clarke, education secretary, said yesterday.

The government pays fees for students directly to their institutions at a rate it fixes each year.

Some vice-chancellors, however, want to be allowed to charge extra fees, to be paid by students. Mr Clarke, in a meeting with the Committee of Vice-Chancellors, said he strongly opposed such "top up" fees because they would work against increased access to higher education irrespective of means.

Mr Clarke told the committee that capital grants to universities – to rise by 9 per cent in real terms next year – are being increased by less than he had hoped because of the unexpectedly large increase in student numbers, which are up 8.7 per cent this year. He urged universities to do more to raise the capital they need for expansion by borrowing against their assets.

Mr Clarke also agreed to reconsider controversial clauses in the Further and Higher Education Bill – currently before the Lords – which give the education secretary power to intervene in particular institutions.

He promised to explore other ways of protecting academic freedom while retaining the power needed for ministers to be fully accountable to parliament for public funds.

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Diplomatic end to pension saga

The Maastricht summit wiped out the threat of a £50bn bill for industry, Norma Cohen writes

WITH a single stroke, the Maastricht summit has wiped out the threat of a £50bn bill for British industry as it tried to make up for past inequalities in pension payments.

Contrary to all expectations, the Dutch presidency forced through an agreement on a protocol to Article 119 of the Treaty of Rome saying that employers could offer unequal pensions for men and women for work performed prior to May 17 1990.

Just days before the agreement was struck, pensions groups thought opposition from the French and Italians had effectively forced the shelving of the protocol. In the end, the French supported it, leaving only Belgium, Denmark and Italy to oppose it.

May 17 1990 is the date of the European Court's landmark ruling in the case of Barber v Guardian Royal Exchange, which sent a shudder through employers across Europe. The court determined that pension is part of pay and that men and women must be paid equally for the same work. Therefore, allowing women to retire on full pension at the age of 60 is unfair to men.

For employers, the cost of complying with the protocol is negligible. Most companies had begun reserving a portion of their pension fund surpluses since the Barber judgment was announced, and those amounts far exceed whatever small cost the funds will now have to bear.

Backdating men's pension benefits to bring them up to the level offered to women could have cost British and German employers up to £50bn apiece, and Dutch employers up to £30bn.

The European Court's ruling contained an irony: in its desire to promote pay equality, it effectively decided that more resources must go to men, who already receive the lion's share of pension payments.

That is because men are disproportionately represented in the workforce, in addition to which they generally earn higher salaries upon which pension payments are computed. Women are often employed in non-pensionable part-time work or have their service interrupted by childrearing, cutting their pension benefits.

Statistics from the National Association of Pension Funds show that for every 3.3 male pensioners, there are 1.4 female pensioners.

Some pensions experts, though, are warning companies against rejoicing too soon over the Maastricht agreement. The protocol must still be ratified by the parliaments of all member states – a process that is expected to take a year.

It is unlikely that the protocol will be amended or even rejected outright, but there remains a slim possibility.

Corporate anxiety about retrospectivity stemmed from a pending group of cases before the European Court in which precisely that question was to have been answered. The lead case was brought by the pension fund trustees of now-defunct Coloroll, the home furnishings group, who were faced with having to reduce the pensions of some female retirees to pay for increases in male pensions.

Mr John Cunliffe, partner at McKenna and Co and solicitor for the Coloroll trustees, said his case and two related cases are expected to be decided by the European Court in July as planned. The Court must answer questions relating to so-called money purchase schemes.

Such schemes provide retiring workers with a lump sum to buy an annuity that will give them a monthly income for the rest of their lives. But because actuaries calculate that women typically live longer than men, women will earn lower monthly payments from the same lump sum at retirement, even if both retire at the same age.

Several Coloroll pensioners were subject to that scheme and the court will be asked to consider whether women must receive larger lump sums at retirement or whether sellers of annuities can continue to provide women with lower monthly payments.

The US Supreme Court has ruled that anti-discrimination clauses in the constitution require men and women to receive identical monthly income from the same annuity. While overall life expectancy between men and women may differ, the court said there was no reason to believe that any individual woman would live longer than any individual man. "It is quite likely that the European Court will share the view of the Supreme Court," Mr Cunliffe said.

Because the Barber judgment relates only to the obligations of employers – not the obligations of insurance companies that sell annuities – the question remains whether employers have to give more money to women retirees with money purchase schemes in order to help them buy the same income stream as their male counterparts.

Also in the Coloroll case, the court will be asked to decide whether employers must make equal provision of pension benefits by cutting those currently offered to one group – in this case women – or by raising those offered to the disadvantaged group. So far, employers have responded by raising to 65 the age at which women may retire.

Fourth TV franchise loser seeks legal move

By Raymond Snoddy and Robert Rice

WHITE ROSE Television plans to seek a judicial review of the Independent Television Commission's decision to award the Yorkshire-area commercial franchise to Yorkshire Television.

White Rose will be the fourth company to seek a judicial review, and follows the success of Television South West in being granted a review.

The other companies that have taken legal action are TVS Entertainment, which lost its south of England franchise, and TVNI, which failed to win in Northern Ireland.

Mr Richard Hanwell, chairman of White Rose, said yesterday that a few of his shareholders still had to be informed but added: "It is very likely that we will go ahead early next week."

White Rose's main aim is to discover the contents of the confidential ITC documents on the franchise bids for the Yorkshire area. It wants to investigate rumours that the ITC staff and Hill Samuel, the merchant bank that monitored business plans, recommended rejection of the bid by Yorkshire. Pearson, owner of the Financial Times, has a 20 per cent stake in Yorkshire Television.

Yorkshire Television's bid of £37.7m won easily against the White Rose bid of £17.4m. The latter company will argue that Yorkshire's bid is so high that a quality programme service will be unsustainable.

Yorkshire Television declined to comment last night except to say that judicial review was a matter for White Rose, the ITC and the courts. Yorkshire has said that its business plan was accepted by 99.7 per cent of its shareholders.

THE BLUE ARROW TRIAL

Allegations on share buying 'misconceived'

By John Mason

PROSECUTION allegations that it was wrong for County NatWest and Phillips & Drew to have bought shares in the placing after the Blue Arrow rights issue are totally misconceived, an Old Bailey court heard yesterday.

The P&D board had discussed such a purchase before the issue without questioning the legality of the move, Mr Richard Du Cann QC said. The prosecution had not suggested that the meeting was part of the alleged conspiracy to mislead the markets, he said.

Prosecution witnesses had said a market practice existed for advisers to buy shares in placings, Mr Du Cann, for Mr Martin Gibbs, a former head of corporate finance at P&D, went on.

It was therefore inconceivable that, before the issue closed on September 28 1987, any of the defendants thought they were doing anything wrong, he said.

NatWest Investment Bank, County NatWest, UBS Phillips & Drew Securities and five individuals deny that the secret buying of shares in the issue amounted to a conspiracy to rig the market in Blue Arrow shares.

Earlier, Mr Du Cann compared the advisers' actions with the government's recent decision to support the price of British Telecom stock after the company's share offer.

If that was lawful and proper, then why could not others do the same thing? – he asked.

The trial continues on Monday.

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Engineering employers fear delay in recovery

By David Goodhart, Labour Editor

THE UK's engineering employers are expecting no recovery until after the general election next year, partly because of the slowdown in the German economy.

The Engineering Employers Federation, giving its end-of-year forecasts yesterday, said conditions would remain "pretty flat" until the second half of next year, with no upturn at all in mechanical engineering.

The EEF has revised downward its already pessimistic autumn Engineering Economic Trends report and now estimates that engineering output in the fourth quarter of 1991 will be 2 per cent lower than predicted.

The federation said the slowdown in the German economy, now the biggest market for UK engineering exporters, in combination with the failure of the US economy to pick up, was part of the explanation. Projections for 1992 have been adjusted to take account of slightly reduced export and UK demand expectations.

Mr Ian Thompson, EEF economic adviser, said the recession had not been quite as deep as in the early 1980s because exports had held up better.

Against that, he said engineering unit labour costs rose far more sharply than prices after the recession set in in spring 1990. That had contributed to the 170,000 jobs that have been lost in the last year.

Unit labour costs are now coming down sharply, but another 70,000 jobs are expected to go in 1992. The industry has cut jobs by 35 per cent in the last 10 years, but the number of graduate engineers has doubled.

Overall demand in 1992 is expected to rise to £129.4bn from £123.5bn in 1991. Electrical and instrument engineering and metal goods will pick up only slightly but motor vehicles and parts are expected to pick up sharply in the second part of the year, partly thanks to inward investment from Japan.

● Construction industry output is still falling, according to government figures published yesterday, Charles Leadbeater writes.

The figures show that output in the third quarter was 10 per cent down on a year before and 2 per cent lower than in the second quarter.

The house building industry remains depressed, with new private housing work in the third quarter 2 per cent down on the previous three months and 14 per cent lower than in the same period a year earlier.

Private commercial work suffered particularly badly. New starts were 10 per cent lower than in the second quarter and 21 per cent lower than in the third quarter of 1990.

Nevertheless, signs indicate that industrial-sector work is holding up. New construction work in the private industrial sector was 11 per cent higher than the second quarter and 18 per cent higher than in the same period a year ago.

● Steel production averaged 343,300 tonnes a week last month, down marginally on output in October and last November. Steel output in the first 10 months of the year averaged 320,600 tonnes a week, 8.3 per cent down on the 349,500 tonnes a week recorded in the same period last year.

Poll tax to change before abolition

By Alison Smith

THE POLL tax is to be amended even in the legislation to abolish it and introduce the council tax, the government said yesterday as it announced a move to help school leavers in 1992-93, the last year of the community charge.

The change will exempt from the poll tax about 200,000 students aged 18 and 19 between leaving school and beginning further or higher-education courses. It will be debated in the Commons on Monday.

Mr Michael Portillo, the local-government minister, said the existing position – in which a school leaver becomes liable for the full poll tax during the "student gap" between school and college – was an "unfortunate loophole we are now seeking to close".

School leavers are able to claim benefit during those months, but few have actually been doing so.

The Environment Department has come under heavy pressure to make the change, which will cost about £4m.

Mr David Blunkett, Labour's local-government spokesman, said: "While we welcome the announced change on school leavers, the major issue of the last year of the poll tax – the need to abolish the minimum 20 per cent contribution – is still being ignored by the government."

Mr Portillo confirmed that ministers had taken up a proposal from Mr Blunkett to allow deductions from the allowances of councillors who refused to pay the local tax; and that the government would also extend the period of notice that has to be given for a visit from a valuation officer from one day to three.

The prospect of a Tory revolt on the bill has disappeared. No Tory has joined an opposition attempt to give London a separate banding system instead of including it in the national property bands, and Mr Rupert Allason, the Tory MP for Torbay, remains a lone rebel proposing to raise the discount for single-person households from 25 per cent to 50 per cent.

Retail discounting fails to stem inflation surge

By Rachel Johnson, Economics Staff

HEAVY discounting by high-street retailers failed to stop a sharp rise in inflation in November.

The government, however, will point to technical factors for the rise. It will argue that until the end of October the underlying rates – which strip out mortgage interest payments and housing costs – showed impressive declines.

Retail price inflation has slowed steadily since its peak at 10.9 per cent late last year, and October's headline rate was the lowest since March 1988. Last month's figures therefore allow the government to deny any resurgence in inflationary pressures in the weak economy.

The Central Statistical Office said price rises last month included increases for food, especially fresh vegetables, tobacco and some household goods. Even so, the way the index is compiled proved a bigger factor.

Steep falls in the price of petrol and reductions in mortgage interest rates, which lowered the index in November last year, did not occur last month. As a result, the index rose by 0.4 per cent between October and November, having decreased by 0.2 per cent between the same two months last year.

In November 1990, cuts in mortgage interest rates sliced 0.35 off the index, while lower prices for petrol and oil took off a further 0.21 per cent.

Last month, though, petrol prices fell only fractionally and there were no mortgage rate reductions to feed through. Additionally, the cold weather and winter season pushed up the prices of potatoes, fresh fruit, and home-killed lamb, adding 0.14 per cent to the all-items index.

Price rises for non-seasonal foods – processed vegetables, baked beans, oils and fats and cereals – added 0.1 per cent to the index.

Fresh eggs were cheaper, however, and early sales, discounts and a high-street price war kept down the price of clothing, footwear and alcoholic drinks.

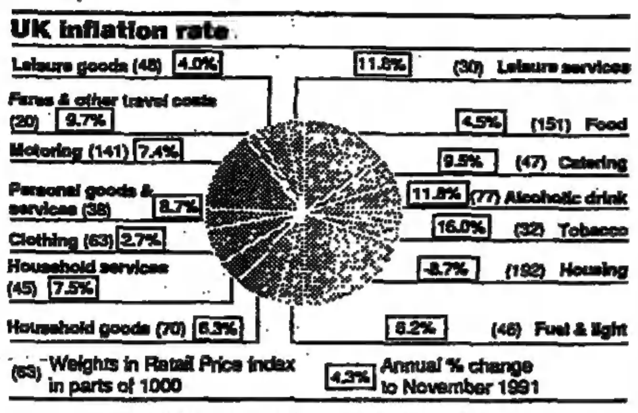
The inflation outlook is for a gently rising trend until about April 1992. Economists project the RPI as rising at about 4.5 per cent for the next two months, with no fall until after the Budget. That is because the RPI fell sharply in December and January last year as a result of interest rate cuts, lower mortgage payments and the new year sales, which prompted big price falls in clothing and footwear.

The Treasury expects the index to subside to a year-on-year rate of 4 per cent by the end of the year.

Britain's rate of inflation is now higher than the October 4.0 per cent average of countries in the exchange rate mechanism of the European Monetary System.

The general level of retail prices for November 12 1991 was 135.6 (January 1987=100), after 135.1 in October.

UK inflation rate



SALEROOM

Titian fetches record £7.48m

CHRISTIE'S held its best Old Master paintings sale for a decade in London yesterday. The Great Rooms were packed to witness a record sale total of over £21m. A painting catalogued as Titian and Workshop rose from a pre-sale estimate of £2m to achieve a price of £6.8m, £7.48m with premium. It is the most expensive picture sold this year at auction.

Seven contenders were in the running for the painting, entitled "Venus and Adonis". It was eventually secured by Hazlitt, Gooden & Fox, London dealers, in partnership with Herman Shickman, a New York dealer, for £6.8m. The London dealers declined to say to where the painting was destined.

The picture is a version of the canvas painted for Philip II in 1553-54 and now in the Prado, Madrid. While the author of the standard monograph on Titian believed it to be a workshop piece completed by the master – it had previously been hanging high on a wall – close inspection led a number of dealers and curators, and their conservators, to the conclusion that its quality was too high for a piece in which the workshop played any significant part. The last great Titian sold at auction was the "Death of Actaeon", sold by Christie's in 1971 for £1.68m and now in the National Gallery.

"Venus and Adonis" is probably the last important work by Titian that the auction rooms will see. Although the painting has suffered considerably, it is believed that the somewhat dark canvas will clean very well.

Another market rarity on sale yesterday was the recently rediscovered "Hurdy Gurdy Player" by Georges de La Tour, which was consigned by a Japanese private collector. In spite of its far-from-perfect condition, which is in fact no worse than most de La Tours, it was snapped up by London dealers Agnew's for £1.87m.

Yesterday's sale also saw the earliest known work by Jan van de Cappelle, "Shipping in a Calm", double its sale expectations. Painted on panel and in wonderful condition, it went to the Koetser Gallery in Zurich for £2.64m. A Hobbema wooded landscape also topped its estimate, to sell for £1.815m. A pair of Belotto views of the twin towns of Vaprio and Canonica fetched £2.09m.

Unexpectedly high prices were found for Murillo's "Laughing Boy", £715,000, and for a Gainsborough landscape, which went to London's Leger Gallery for £836,000.

Of six works offered in excess of £1m, only one failed to reach that target. This, a rare and impressive - but too ambitiously tipped - "St Jerome" by the 15th-century Ferrarese Ercole de' Roberti, was bought in at £1.6m.

Yesterday was like the good old days but not quite. Although 81 per cent of the sale in value was sold, well over half of the lots on offer failed to find new homes.

Susan Moore

Impeccable provenance: the Venus and Adonis that set a record in London yesterday

Service sector leads upturn in Wales

By Anthony Moreton, Welsh Correspondent

FURTHER SIGNS of the Welsh economy's emergence from the recession have come from the latest survey conducted in Wales by the Institute of Directors. Yet the figures show that any upturn is almost entirely concentrated in the growing service sector.

Mr Meirion Lewis, the institute's Welsh director, said: "After a bleak picture presented in last May's survey, the current outlook is one of cautious optimism.

"The last survey raised the prospect that a turning point in the Welsh economy may have been reached. This survey provides some evidence that this was the case and that a gentle rather than rapid recovery is now under way."

Just over half the service-sector companies (52.3 per cent) reported that the volume of business was higher than a year earlier, with a third reporting it lower. In manufacturing, just under a third said output was higher compared with half saying it was lower.

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THE GUINNESS TRIAL

Jury told of political element to defence

By Raymond Hughes, Law Courts Correspondent

POLITICAL concern in 1986 about City regulation and the conduct of takeovers is an integral part of the defence of Lord Spens, former corporate finance managing director at the Henry Ansbacher merchant bank, to fraud and false-accounting charges, the jury heard yesterday.

Cross-examining Mr Anthony Salz, a partner in Freshfields, the City solicitors, who acted for Guinness in the Distillers takeover, Mr David Hood, Lord Spens' counsel, suggested that City conduct of takeovers had become a political issue in 1986.

Mr Salz agreed.

Mr Hood said Labour had accused the Conservatives of not bothering to prosecute people in the City because they tended to be Conservatives.

Mr Salz said he did not recollect that.

Labour had mounted a concerted attack on the Conservative party over its failure to regulate City matters properly, Mr Hood suggested.

Mr Salz said his recollection was that the debate had been about competition rather than takeover rules.

Mr Hood said that Guinness's failure to honour its pledge to appoint Sir Thomas Risk, chairman of the Bank of Scotland, as chairman of the merged company had been one of many issues seized on by Labour to attack the Conservatives.

Mr Salz agreed that that had been a political issue.

"Were you conscious it was a political issue at the time you were advising Guinness and meeting the Department of Trade and Industry?" Mr Hood asked.

"Yes," Mr Salz replied.

Mr Hood asked if he remembered the Westland affair in 1986.

Vaguely, Mr Salz replied. That, he agreed, had been another area in which Labour had attacked the Tories.

Mr Justice Henry intervened to tell Mr Hood that the jury would have to decide the case on the facts, "not on any political concern one way or the other. That is one of the things they are going to leave outside."

Mr Hood: "I hope not, my lord, because it is integral to my case."

The judge: "You can't invite the jury to decide this on political grounds."

Mr Hood: "My lord, I shall do precisely that – well, not on political grounds but the facts of the case and the rationale behind the Crown prosecution." The judge: "Well, I shall be telling the jury to leave politics out of it."

Lord Spens and Mr Roger Seelig, former corporate finance director at Morgan Grenfell, deny fraud and false accounting.

The trial continues on Monday.

Procter to challenge Tyneside land order

By Chris Tighe

PROCTER & Gamble, the US consumer products group, and Mr Leser Landau, a Swiss architect, have applied to the House of Lords for leave to appeal against plans by the Tyne and Wear Development Corporation to acquire by compulsory purchase order land they own on Newcastle's Quayside. The land would be redeveloped.

Their request, to be considered by the Lords' judicial committee, follows unsuccessful attempts at a public inquiry, in the High Court and in the Court of Appeal to contest the orders.

Their decision to appeal against the secretary of state for the environment's upholding of the orders means that uncertainty over the TWDC's proposed £180m East Quayside redevelopment, first announced in 1987, will continue into 1992.

Mr Alistair Balls, TWDC chief executive, said: "We are extremely disappointed that yet again we are prevented from getting on with a development that will bring enormous benefit to Newcastle and its people."

Procter & Gamble, one of whose UK head office buildings is threatened with demolition under the scheme, said it believed it had grounds for taking the case further.

FROM THE FINANCIAL TIMES

Pension Fund Trustees

AN INSURANCE POLICY

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Weekend December 14/December 15 1991

Stop strutting, start fretting

GOVERNMENTS cannot rely on the strength of their leaders' performance on the world stage to maintain their electoral popularity if their domestic economies are in difficulties. This is so however impressive those performances. Mr George Bush has learned this lesson in recent months. Mr Major may be about to do so. Only strong, sustained economic recoveries will ensure that the popularity of these national leaders is translated into votes. So far, these recoveries are elusive.

Maastricht may have been about building a better future for Europe, but Mr Major badly needs a better present, and soon. Britain's economic recovery may not have gone as sour as that in the US. But his government needs an upsurge in consumer spending if a recovery is to be apparent to voters by the Spring.

The government's forecast of recovery is dependent on the savings behaviour of Britain's unpredictable consumers. A recovery before the election depends, in large part, on a fall in the personal savings rate from its current high level. Predictably perhaps, consumers have not obliged so far. Indeed the summer upturn in retail spending seems to have gone into reverse. Retail sales in the three months to October were ¼ per cent down on the previous three.

Nor did Thursday's distributive trades survey suggest that sales have picked up markedly, despite heavy pre-Christmas discounting by frustrated retailers. Shopkeepers do not have much time left – there are only nine shopping days left until Christmas (excluding Sundays, as the law requires). With only 169 shopping days left before the last available election date, the government is also running out of time.

Healthy ratio

The Treasury still expects consumers to oblige. The personal sector has a healthy ratio of net wealth to disposable income; the rise in unemployment is abating; underlying inflation is falling, though still too high; and interest rates are lower than they were.

Yet consumers also have a historically high level of debt relative to income. The average home-owner is wealthier than ten years ago, despite falling house prices since 1989. But recent first-time buyers remain heavily indebted, often with more debt than their house is worth. No wonder the rate of repossessions is so high; little wonder that consumers are using lower interest rates to repay their debts rather than resume borrowing.

If the Treasury's forecast of consumer spending in 1992 looks optimistic, its forecast of 6 per cent export growth already looks like wishful thinking, since the UK's export markets are all in poor shape.

The US administration is increasingly panicked by the prospect of a double-dip American recession. The Federal Reserve is under strong political pressure to cut interest rates next week. But to give the appearance of being bullied into making the cuts does little for its reputation, however justified on economic grounds.

US pressure

Messrs Bush and Brady will not be content with a cut in US rates alone. The Soviet Union may be the declared topic at this weekend's meetings of the group of seven largest industrialised countries. But Japanese representatives will not be immune to US pressure.

The Japanese should not ignore this advice. The latest quarterly survey of Japanese business confidence showed that manufacturers are now much less optimistic about their prospects than in August, while inventories are rising fast. Neither the world, nor Japan, needs a Japanese recession next year.

These economic and political pressures suggest steadily falling world interest rates over the coming year. Unfortunately for Europe, the immediate future promises the reverse. The Bundesbank remains the arbiter of European monetary policy and will continue to be so for a few years yet. A rise in German rates next week is likely. This could force up up interest rates in many European countries and will certainly curtail European growth rates next year.

Against this background, it is not certain that Britain will have any perceptible recovery in the first half of next year. It is difficult to believe that the UK economy will take off while European and US growth are sluggish. Comparison with the US is instructive: the UK has a higher burden of household debt; its economy is at least as weak and is trying to recover from a deeper recession; it suffers from higher underlying inflation; and has an exchange rate that is less competitive in world markets.

Moreover, Britain's short-term interest rates remain more than twice as high as in the US. Mr Bush also has two advantages over Mr Major. US interest rates can fall further; and there is still time for the cuts to spark a recovery in spending before the election. Mr Major has little time left; but time enough for British rates to go up as well as down.

The Red Army is ill-fed, ill-housed and insulted, writes John Lloyd

Breaking the ranks

The Soviet High Command yesterday huddled together in its square white fortress on Moscow's Arbat Square, cancelling all engagements and refusing to take calls. Inside these white walls, one can fairly say, are a group of men near the end of their wits.

Like Mr Mikhail Gorbachev, the Soviet president, their life's work is in ruins. The Soviet military, which most of them have known to do no other than to grow in strength and influence for most of their service careers, is now so riven and directionless that former enemies talk tenderly of lending them a helping hand to stop self-destruction. The west, said Mr James Baker, the US secretary of state who arrives here tomorrow, "must help the Soviets destroy and control the military remnants of the Cold War". What a humiliation!

It is only one of the shocks the military now has to absorb. Closer to home and still harder to bear is the imminent break-up of the integrity of the forces – something which, the generals have been assured this week, will not happen, but which they see happening before their eyes anyway. On Tuesday, they met Mr Gorbachev and were told by him that the army would stay united and he would remain commander-in-chief.

On Wednesday, they met Mr Yeltsin and he told them that "there would be no attempt to divide the army and set one division against the other". He acknowledged that the Ukraine would be a special problem but he hoped that "it could be resolved within the context of a unified command". On Thursday, Mr Leonid Kravchuk, the president of Ukraine, already recognised as an independent country by several states, declared himself head of all military based in Ukraine.

As Krasnaya Zvezda, the military daily, put it that day, "our officers wake up in the morning wondering for whom they are working. 'We serve the fatherland!' is our motto – but when you think about it ... which fatherland?"

The fatherland is, indeed, endlessly divisible and redivisible. Not only into its 15 constituent republics, but also into smaller ethnic divisions; the president of the "independent" autonomous republic of Chechen Ingushetia – an air force general – has, for example, recently declared himself head of the Red Army command in his republic.

It goes further than that. First, the army and the militia could only watch while they lost their effective monopoly of violence within the Soviet Union to national guards, guerrilla groups, vigilante bands and mafia mini-armies. In the Caucasus, guns are everywhere; in Georgia's Supreme Soviet, unshaven young men lounge about bestrewn with weapons, while the Red Army sits in its barracks.

Second, the army is not exempt from the dissolution of the society into baronies, each with the common slogan of "Sauve qui peut". In dacha land around Moscow this summer, you could see squads of soldiers building houses for generals on plots of land they had been given by the former government for a song. In Moscow, F W Sawatzky, a Canadian construction company, has formed a joint venture with the military construction company Glavspetstroi called Swatstroi, to build flats for officers and renovate old buildings for foreigners, for eventual hard currency lease. The generals of Glavspetstroi can expect to get rich; the young squaddies doing the reconstruction get about Rb20 a month.

"Why do you think the Red Army seems to favour the Azerbaijani side in the Nagorno Karabakh dispute?" asks Mr Alexei Pankin, a commentator on security issues and international affairs. "Because the Azeris feed them better than the Armenians." This is the feared and famed Red Army, at the end of 1991 and the end of the Soviet Union.

It would be more comforting if those who are now seeking to replace the Soviet Union with another system of power knew the answers to the questions which, according to Krasnaya Zvezda, officers have on their minds when they wake. But they do not.

Colonel Vladimir Lopatin, the influential deputy chairman of the Russian state committee on defence and security, says it is no longer possible to keep the Soviet military united – though two months ago it might have been. He does believe that the strategic nuclear forces will stay under a central command, but does not know to which commander in chief – chiefs? – that commander will report to. He thinks it possible there will be a "union" ministry of strategic nuclear defence, but does not know how it will be created or funded. Colonel Lopatin is a clever man and he is rising fast – but neither he, nor the generals, nor those who were their political masters, know the answers to the questions which must be asked.

Even within the Commonwealth of Independent States, the embryonic grouping initiated by Russia, Ukraine and Belorussia less than a week ago, there is already dissension. Mr Yeltsin wants a unified army and strategic forces; Mr Kravchuk of Ukraine has already, with the stroke of his pen, created his own army from the Ukrainian part of the Red Army; and Belorussia, which intends to create an army of 90,000 (about half the military strength presently on its territory), is now apparently reconsidering the unity of the strategic forces. Belorussia's new defence minister, General Pyotr Chaus, was quoted on Wednesday by Tass as saying that "we should not be in a hurry to give our nuclear arms to anyone else" – though he added the bromide that such a consideration would not stand in the way of Belorussia becoming a neutral and nuclear free country.

"We have the good fortune," says Mr Vladimir Averchev, an adviser to the Russian parliament's committee on foreign affairs, "that our army has never had the tradition of interfering in politics." This is often said, as a talisman, but it needs qualification. Russia, and then the Soviet Union, has nearly always been dominated by autocrats, often tyrants; the army has rarely been tempted to restore "order" because of a political failure.

When there was political weakness, in the period of provisional governments in 1917 before the Bolshevik seizure of power, there was a serious attempt at a putsch under General Kornilov – an attempt which came near to success. Now, central power is held by no one and republican power is still at best shaky. The army is ill-fed, ill-housed, humiliated and insulted. Is not this the time for a putsch?

Such a possibility is constantly debated in the newspapers and in the streets. The army is always assumed to be a large component of such an eventuality. Marshal Yevgeny Shaposnikov, the defence minister, appointed after the August putsch because of his opposition to it, is so far rolling with the punches of separatism. He sent a deputy defence minister to Ukraine yesterday to negotiate with the Ukrainians on a transfer of authority.

But elsewhere, the loyalties are less clear. Mr Alexander Rutskoi, the deputy president of Russia and an air force general, has explicitly separated himself from Mr Yeltsin on the use of force against rebellious Russian republics. He is said to have a close association with, among others, General Boris Gromov, the former deputy interior minister who was sacked after the putsch and who had previously advocated the use of the Soviet army to save the nation from chaos. In the past General Gromov is said to have been appointed deputy commander of land forces.

In this world, alliances are now mushrooming. General Gromov's connections are with the hard-line Soviet deputies' group Soyuz, headed by Colonel Victor Alksnis and Colonel Nikolai Petrushenko. Colonel Alksnis has teamed up with Mr Alexander Nevzorov, the famed presenter of the ultra patriotic "600 Seconds" TV show; together, they have created a movement called "Us", which has held a number of large and successful demonstrations in favour of continuing the Union. Mr Nevzorov, in turn, is developing an association with Mr Vladimir Zhirinovsky, leader of the Liberal Democratic party and the most talented and outspoken demagogue on the scene who has also been able to attract crowds supporting his brand of neo-imperialist populism.

Most of this is a testing of the waters by politicians who are looking for what space they can occupy as the population becomes more fearful and privations multiply, as the democratic politicians lose trust and influence in face of their inabilities to provide life's basics. The bulwark against them is an officer corps pulled this way and that, deprived of both a mission and a role, and reduced in many cases to looking for bread and sausage to keep themselves from hunger. It is not a comfortable prospect.

PERSONAL VIEW

Tying down Gulliver

By Rudolf Augstein

In politics, as in ordinary life, there can be Pyrrhic victories; and there can also be perfectly ordinary defeats. For Chancellor Helmut Kohl, the outcome of the Maastricht summit has to be described as the latter.

It was clear in advance that the Chancellor would not be able to fulfil his promise of agreeing a political union for Europe at the same time as monetary union. And so it came to be.

If Maastricht had ended with the prospect, by the year 2001, of a stable federal European government, controlled by a parliament, together with a stable European currency, then Mr Kohl would have been able to claim victory. As it happens, such an event is not only unlikely, it can be excluded altogether.

This was in a sense inevitable. Mr Kohl could not afford to risk wrecking the summit by sticking to his pre-summit conditions. So he had no choice but to give in.

If anyone won a victory at Maastricht, it was France. It achieved this not because it wanted European union, but because it wanted to lay its hands on the D-Mark. There is some truth in the talk that France's ambition since German unification has been to tie down Europe's new Gulliver. Gulliver, in the mood to be tied down, went along with the idea.

In the present climate, it is precisely the unexpected that can be expected

German politicians and journalists who have been conducting their debates about whether the D-Mark will be sacrificed will, in truth, lose out only indirectly as a consequence of all this. The real loser will be the "ordinary German", the man or woman in the street. They will feel the effects where it hurts most – in their wallets.

The French have succeeded, it appears, not only in fastening a chain around the D-Mark, but also in presenting the bill to the Germans.

But they were not content with this alone. In the manner of the classical practitioners of French foreign policy from Richelieu to de Gaulle, in their plan for European union they wanted still more: a European defence community from which Britain was to be excluded, and in which France, through its seat in the United Nations Security Council and its possession of atomic weapons, would be dominant.

Germany is not interested in nuclear weapons. Nonetheless, in spite of the Bonn government's desire for harmony, Germany has to be quite clear that it does not want this type of defence community *à la française*. We do not want any shift in the balance of our defence priorities towards France, and away from Britain – and we certainly do not want to move away from the US.

Given the present state of world affairs, Germany does not feel threatened by anyone. But it knows that the only countries which could possibly harm it are those with large-scale nuclear arsenals.

This means Germany would prefer to continue to rely on the US together with Britain – both of which freed our country from Hitler. Cosmetic Franco-German army divisions of the type favoured by Mr Kohl and President Francois Mitterrand are simply a waste of money.

When Churchill in 1946 suggested establishing the united states of Europe, he of course did not think of the possibility that Britain would be part of it.

All the same, we Germans must take our motto from Churchill – rather the open sea and Nato than France. We must be quite plain about one important point: the French do not simply wish to undercut Germany's liberal economic system – they want to switch it off altogether. It is in this context that the plan for European monetary union must be seen.

In the present climate, it is precisely the unexpected that can be expected. No economic expert can predict how European economies will perform during the next decade. Yet into this uncertain world a monetary union has been born – even though nobody can possibly know if it can fulfil the conditions which will be in force at the threshold of the millennium!

Since we are discussing one of these much-talked-about "historic events", I would not like to conclude on an entirely negative note. The German programme for Europe – as even the French now concede – is based upon propagating freedom, federalism and peace, protecting the environment and increasing prosperity. There should be no disagreement with this type of "German Europe".

Despite the defeat for Chancellor Kohl, I hope that the road from Maastricht will eventually take us there.

The author is founder and publisher of the German news magazine Der Spiegel.

MAN IN THE NEWS

Ruud Lubbers

Cool hand Lubbers scales his summit

By FT writers

A success always launches a thousand suits over its paternity. But this week's Maastricht agreement on European political and monetary union is unquestionably the handiwork of the summit chairman, Mr Ruud Lubbers, the Dutch prime minister.

With negotiating skills, steady nerves and a keen sense of timing, honed in the volatile world of Dutch coalition politics, Mr Lubbers rose to the occasion to broker a new treaty that is the biggest milestone in the European Community's 34-year history.

Yet you would not think that to hear the Dutch prime minister addressing the European Parliament on Thursday. Knowing that many MEPs still had gripes about the powers they had gained, he told them: "I am absolutely convinced that the outcome of Maastricht is only one step towards the final destination, which we have not yet reached."

However, the Maastricht treaty will be reviewed in 1996, and Mr Lubbers may be in no small position of power to influence that review. For the Dutch premier has this week clearly marked himself out as the front-runner in the undeclared race to succeed Mr Jacques Delors for the Commission presidency.

The last hours of the summit had all the hallmarks of negotiations in the "Binnenhof", the medieval government complex in the Hague where Mr Lubbers presides over a domestic coalition between his own centrist Christian Democrat party and the Labour party of Mr Wim Kok, the finance minister.

As is his wont during tortuous budget talks at home, Mr Lubbers took key players aside, such as Mr John Major, the UK prime minister, and Chancellor Helmut Kohl, at critical moments in the negotiations and extracted their "bottom-line" positions in one-on-one talks. This tactic has become famous in the Netherlands as the "Lubbers confessional", a reference to the Dutch politician's education at a Jesuit boarding school.

Mr Lubbers' Maastricht achievement is the more remarkable in view of the fact he played little part in the EC negotiations until three weeks ago. This was partly because the Dutch constitution restrains a prime minister from interfering too much in his foreign minister's portfolio – a constraint for which Mr Lubbers may have been grateful, given the hash his foreign ministry made of its September draft on EC political union.

But when Mr Lubbers entered the arena in mid-November, he did so "like a dynamo", in the phrase of a senior EC official. He toured EC capitals, and summoned leaders to his Binnenhof tower, listening to all sides. In preparing the ground for Maastricht, he had two advantages.

First, his basic federalist credentials go unquestioned among continental EC leaders. The Netherlands has always led the camp of smaller EC countries, pushing for strong EC institutions to counter the bigger countries' temptation to strike deals among themselves.

Second, Mr Lubbers has a traditional Dutch sympathy for Britain. The Dutch long campaigned for Britain's entry into the EC, and have joined the UK in pushing for farm reform, openness in trade and Atlanticism in defence. So, when Mr Major insisted he would not compromise on social policy, the Dutch prime minister took him at face value, all the more so because he agreed with some of the UK government's criticism about Brussels' legal sleights of hand over existing employment policies.

Knowing, at the outset of the summit, that social policy would be the sticking point, Mr Lubbers left serious discussion of it until half-way through the second day. By that time, he had stacked up several agreements, some of them historic such as on monetary union and defence. This raised the stakes high for everyone, including Mr Lubbers himself.

Still, the Dutchman stayed cool. He has done so on several occasions: when, for instance, he calmly pushed out of his car a man who had entered it with a knife; when, on another occasion, he hurled back a petrol bomb thrown through the window of his Rotterdam house; and when he twice gave chase to thieves trying to break into his wife's car.

This time, the threats were political, not physical, but no less real. On Tuesday evening, he adjourned the summit and went into "confessional" mode.

He called in Mr Major, and put to him a second re-write of the social chapter. Mr Major turned it down, and produced his own version, making virtually every new employment initiative subject to unanimity. Patiently, Mr Lubbers went through it, but eventually told Mr Major it would not fly, a judgment the UK leader accepted. Mr Lubbers then invited Chancellor Kohl in.

Quite what the trio then agreed is not clear. But the chancellor emerged to tell Mr Delors that, unless all 12 leaders were ready to accept no change on social policy – which they clearly were not – the only course was for Britain's 11 partner governments to start making future social policy outside the EC's institutions. Horrified by this outbreak of "inter-governmentalism", Mr Delors made the best of a bad job, by coming up with a protocol allowing the 11 to pursue their social ambitions through the EC's regular machinery.

Mr Lubbers showed he could "put people on the spot when they needed to be put on the spot", said a British official. Of course, those other traditional ingredients of successful EC negotiating – hunger, fatigue and exasperation – also helped. The summit chairman served only sandwiches on Tuesday evening. As the night wore, Mr Lubbers, only 52, stayed fresh, but several of his elders began to wilt. And he held the ring, when as Tuesday turned into Wednesday President François Mitterrand became imperious and demanded Mr Major cede to the 11's desire to deal with Community research and development by majority. Mr Kohl ended this by laughingly congratulating the Briton on his nerve, and Mr Lubbers gavelled the summit to an end.

The Dutch prime minister has not tipped his hand publicly on his desire for a second career at the European level. But this precocious politician has to some extent outgrown Dutch politics, where he was economics minister at the age of 34 and has been prime minister for the past nine years. He keeps refusing to comment on his ambitions, saying only that his political mandate in the Netherlands runs until late 1993 and that he intends to complete the job.

That would seem to rule him out of succeeding Mr Delors at the end of next year. Unless – which is a real possibility – Mr Delors wants to stay on for two more years. That might suit a Lubbers' candidacy well. Equally, a Dutch coalition crisis might be engineered next year, allowing Mr Lubbers to make the short journey from the Hague to Brussels.

Reporters: Ronald van de Krol, David Buchan and Philip Stephens

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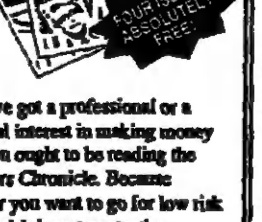

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Home, lost home

John Willman and **David Barchard** on the rise in repossessions

The news that British government ministers are trying to stem the tide of mortgage repossessions is a reminder that domestic political issues are now returning to centre stage after the *foreign diversions of Maastricht*. The Conservatives know that their claim to be the party of choice and ownership will look pretty hollow at an election if increasing numbers of house buyers are finding themselves homeless.

But the accelerating level of repossessions threatens to do much more than simply undermine the attractions of home ownership. Not only has the property slump created serious problems for the politicians, it now threatens mortgage lenders and insurance companies with mounting losses. All the interested parties are urgently seeking solutions to the crisis, with the government anxious to assist in the interests of stabilising the housing market.

The rate at which repossessions have increased over the decade is dramatic. In the whole of 1980, fewer than 3,500 properties were repossessed; in 1991, more than twice as many homes are being repossessed *every month*.

Earlier estimates that repossessions would top 100,000 in 1991 are now being scaled back, and the total is likely to be around 85,000. By the end of the year the number of people who have had their homes repossessed in the past 10 years will top a quarter of a million.

Behind the headline figures on repossessions is a longer tail of households in mortgage arrears, who will supply the next generation of repossessions. Over 220,000 are more than six months in arrears – and one in ten mortgage-holders is two months or more behind in payments.

For the people stuck in arrears or repossessed, the result is misery – but the effects are *felt* by *many more*. Other home-owners cannot sell their homes, or must take a loss when they are forced to move because of their job or because of marital breakdown. UK insurers are facing estimated losses of around £3bn on mortgage indemnity insurance over the next two years, a scale which will require them to shore up their capital.

Lenders face considerable losses, though they are generally reluctant to give details of how many repossessed houses they are holding. The largest mortgage lender, Halifax, says it has a current total of around 9,000, a figure that seems not to have altered for several months. Abbey National, the second largest lender, says it has 8,500 houses on its hands.

Other lenders decline to give figures. Mr John Wriglesworth, an analyst at City stockbrokers UBS Philips and Drew, says he expects around a total of 80,000 unsold repossessed homes to be still on lenders' hands at the end of the year.

The one glimmer of light for mortgage lenders is that the number of new arrears cases seems to be slowing down. Woolwich, the fourth largest building society, says its *short-term* arrears are now at the lowest level since early 1988.

But even if the corner has been turned, the likelihood is that tens of thousands more home-owners will find themselves facing repossession in the coming six months. And with house prices reportedly still falling, the government shares an interest with the lenders in slowing the rate at which homes are repossessed. Hence the prime minister's announcement on Thursday that measures were under urgent consideration to protect those facing repossession.

One measure was announced last month by the Council of Mortgage Lenders – which *represents banks and building* societies – and Sir George Young, the housing minister. This provides for lenders to make empty, repossessed properties available to housing associations as accommodation for homeless families nominated by local authorities.

Whatever rent can be extracted after administration costs will be shared by the lenders, mortgage insurers and borrowers whose homes have been repossessed. The idea is to take the empty property off *the market for two years or* more (and provide homes for some of the almost 60,000 homeless families on local authority registers).

But the move was immediately criticised by housing campaigners such as Shelter,

Losses on mortgage indemnity insurance may reach as high as £3bn

for creating a "merry-go-round" in which homeless people move into homes vacated by repossessed mortgage-payers who themselves become *homeless. What Shelter wants* is action to prevent owner-occupiers becoming homeless in the first place, through schemes to help them remain in their homes despite mortgage arrears. And it is this sort of measure which is now under *discussion* between *the government* and the lenders.

One solution much favoured by the lenders would involve payment of that element of social security benefit which is supposed to cover mortgage interest payments direct to the *lender*. At present *the 310,000* unemployed homeowners get income support to cover half or all of the mortgage interest, but lenders estimate that only about half the money makes it to the lenders.

Steps to make it easier for income support to be paid directly to lenders were announced last month, but lenders would prefer this to be the automatic method of payment. The government is willing to consider the legislation in principle, but wants a *quid pro quo* from the lenders – such as a moratorium on repossessions. Unfortunately, a moratorium is the one solution the lenders are all against; they see it as a dangerous *precedent which would encourage* rash borrowing in the future.

More ambitious options include:

- Making low-income home-owners who are employed eligible for housing benefit to help with mortgage interest pay*ments – a scheme published* by the Joseph Rowntree Foundation this week would have provided help to 320,000 people at a cost of £400m.
- Asking housing associations to take over homes whose owners are in arrears and rent *them back to the occupiers*.
- Setting up a shared equity arrangement under which housing associations would take over a share of the ownership of homes in arrears. The associations would charge no rent on their share and take part of the capital gain when the home was sold.

The emphasis is currently on schemes which will keep people in their property by converting ownership to a tenancy with a rental agreement. Halifax has designed a scheme along these lines with the housing associations and expects to have the pilot project in operation soon. Abbey National says it is working on its own mortgage-into-rent *scheme which will will* probably do in-house, rather than through a housing association.

Other lenders are more sceptical. "If the government or anyone else wants to come up with a scheme aimed at converting mortgages to rents or *promoting equity sharing*, lenders will obviously look at it," says the Household Mortgage Corporation, a specialist mortgage lender. "But there is always the problem of funding the proportion of property taken out of the mortgage, which would require us to obtain a sizeable injection of cash from somewhere."

Whatever the solution, there is now considerable political pressure for the government to be seen to be doing something to stop people it encouraged into the housing market from being evicted.

The question is what price the lenders will extract for slowing down the repossession process sufficiently to make a *discernible impact on the housing* market in the next six months.

Raymond Snoddy and **Robert Rice** examine the legal challenges by three TV franchise losers

Picture is blurred

Lord Donaldson, Master of the Rolls, lost his patience last week and "persuaded" the Independent Television Commission to provide TSW with detailed reasons for not renewing its franchise for south-west England. It was the first time in the 36-year history of the ITV regulator that it had been held to account for a licensing decision.

Now, it *faces three court challenges* arising from October's auction of UK television broadcasting franchises. In addition to TSW, TVNi, an unsuccessful bidder for the northern Ireland franchise, and TVS, the rejected incumbent in south and south-east England, have lodged *judicial review applications* in the high court.

Encouraged by TSW's success in forcing the commission to disclose its reasoning, other losers may follow suit. White Rose TV, an unsuccessful bidder for the Yorkshire franchise, has also persuaded its shareholders to support a court challenge. Other franchise losers have until January 16 to make up their minds.

Whatever the final outcome of any court challenges – because the losers are almost certain to appeal to the law lords – uncertainty sur*rounding the final shape of the new* independent television network is growing.

At worst, if Lord Donaldson chooses to treat the TSW action as a test case of the entire franchise auction he may conclude that the way the commission interpreted its *powers under the 1990 Broadcasting* Act was so fundamentally flawed that the whole process should begin again.

Away from the detail of individual cases a larger suspicion is taking shape in the minds of some losers, such as TSW, that the ITC *may have had in mind some form* of ideal overall network, and it worked back from that. The symmetry of the outcome is considerable. Two losers were outbid and two losers were removed because they bid too high. Only one of the Big Five production companies lost, even though two others were heavily outbid.

In northern Ireland one of Ulster Television's rivals, Lagan, failed on its programme quality even though the package was put together by Mr Bryan Cowgill, former BBC 1 controller and former managing director of Thames Television, while the other, TVNi, failed on its business plan even though it *passed the quality threshold*.

The three confirmed challengers have one common factor which sets them apart from the other losers: they all failed on their business plan despite outbidding the eventual winner in their region.

TSW, which bid £16.1m, lost to Westcountry TV, *which bid £7.82m*. TVNi bid £3.10m but lost to the incumbent Ulster Television, which bid £1.03m. TVS bid £59.76m but lost to Meridian Broadcasting, which bid £36.52m. The commission took the view that the three now mounting legal challenges had overbid to such an extent that they would not be able to sustain a high-quality service over the 10-year licence period.

All three legal actions allege improper exercise of power by the ITC amounting either to unreasonableness or a breach of natural justice by failing to take into account all relevant considerations.

Of the three, TSW seems to have *the strongest chance of success*. Not only has it got the "secret" ITC staff assessment of its bid, but by Wednesday the commission has to hand over the minutes of all its franchise meetings concerning TSW. TSW should also obtain a copy of the Hill Samuel review of its business plan. The merchant bank looked at all the applicants' business plans for the commission and, it is believed, drew up a financial model which identified those companies which fell outside the average projections for real growth in advertising revenue.

The ITC staff assessment appears to include a collection of curiosities, misjudgments and errors:

- The ITC staff questioned whether Barclays Bank would be prepared to lend all of a promised £10m loan, given that it did not know the size of TSW's bid. Neither TSW nor Barclays was asked about this. Barclays will give evidence that it was always prepared to *make the loan*.
- The staff assessment apparently looked at TSW's profits after the deduction of the levy paid by ITV companies on their profits, even though the levy ends before the new franchises begin.
- The ITC apparently worked from a forecast of 4 per cent a year real annual growth in advertising revenue. This was an average of all the forecasts in the 40 business plans submitted by applicants. The TSW figure was 5.3 per cent. The company will argue that in any average, some projections must, by definition, be above; a 1.3 per cent margin of error is acceptable.

TVNi also appears to have a strong case. Mr Alan Wright director-designate of programming, believes its chances of success are good because its advertising revenue projections were "considerably *more conservative" than many of* the winners'. He says this can be demonstrated by looking at the size of a bid for a region in relation to its share of net advertising revenue (NAR) for the whole ITV network.

Northern Ireland has 1.5 per cent of NAR and TVNi bid £3.10m. The *north-east region on the other hand* has 3.3 per cent of NAR and yet Tyne-Tees successfully bid £15.06m for the franchise, five times the TVNi bid for only just over a 50 per cent bigger share of NAR. All-in-all seven companies bid relatively more for their share of NAR than TVNi and still won. The company will argue in the light of this that failing TVNi on its business plan was "totally unreasonable".

TVS appears to have the weakest case of the three. Its £59.76m bid was the biggest for any of the 16 regions. It might be argued that it was not unreasonable for the commission to conclude that the company would not be able to maintain a high-quality service over the 10-year licence period.

The company maintains that the ITC decision was unreasonable. TVS says its revenue projections were in line with cost assumptions. It says its business plan was credible, considered, reasonable and, *most important of all, supported by* its shareholders, who approved it at an extraordinary general meeting in August 1990. The final plan was also supported by Time Warner, the world's largest media company, and Associated Newspapers, publisher of the Daily Mail.

White Rose, which bid £17.4m, passed the programme threshold but was outbid by Yorkshire Television's £37.7m bid. White Rose will argue both that the ITC decision was inconsistent – if TSW was failed on the size of its bid then Yorkshire should also have been. The company will also claim that Yorkshire's bid was too high to sustain a quality programme service.

If Lord Donaldson decides to order the commission to think again in one or more cases, the future of ITV would become increasingly uncertain. Would the ITC simply say it had been right all along? Would it readvertise the franchises? Or would it try to organise voluntary mergers between "winners" and "losers"? Time is running out for the new franchise holders to start broadcasting by January 1 1993.

LETTERS

Committed to doing the donkey work

From Mr W.H. Bailey.

Sir, On a recent visit to the Irish Republic I encountered a *donkey named Coconut* suffering from a large cancerous growth on its head.

It was on a Saturday of an Irish Bank Holiday weekend. My hosts rang and left a message at the local vet's surgery, some eight miles distant.

Within the hour the vet had returned the call, and within two hours he called on Coconut at a remote farm and commenced some extremely gruesome surgery. This lasted an hour and a half, and the cut *needed some 20 stitches. A few* days later he returned and removed the stitches from the beast's head.

I gather Coconut has since made a perfect recovery. The vet's bill was just £32.

The contrast with the efficiency of our National Health Service could hardly be greater. I would have to be near death to interest a doctor in Britain during a Bank Holiday weekend, and at any other time it is only in the most dire emergency that I could expect anything other than a bureaucratic response to my medical needs. Could the explanation lie in the vet's commitment to free enterprise I wonder?

As a tribute to the donkey's suffering, I have called this observation: *"The Coconut paradox"*.

W.H. Bailey,
16 Claude Road,
Cardiff

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Pensions: loss of equality and protection against theft

From Mr Bryn Davies.

Sir, I refer to your report ("Pensions pact could save UK industry up to £50bn", December 12) that at Maastricht the European Community quietly approved a protocol which may well relieve British industry of paying backdated equal pension benefits to men and women.

What really happened is that the summit decision could take away from the active members of UK pension schemes their existing right, under the treaty of Rome, to an equal pension for service prior to May 17 1990. Whatever industry may save is at the cost of people getting lower pensions.

Over the last few days outrage has been uniformly expressed about the way in which Robert Maxwell stole £750m from the members of his companies' pension schemes. But that pales into insignificance when compared to the amount the government, by this decision, proposes to take away from members of pension schemes which pay unequal benefits.

What is particularly extraordinary is the way such an important decision was taken without warning, let alone any proper debate. Tony Newton, the social security secretary, promised *last June to* "consult the pensions industry and other interested parties on the issues involved". No such consultation has taken place. The pensions industry may think that is acceptable. Scheme members who would be affected may take a different attitude when they cast their votes in next year's election.

Bryn Davies,
Union Pension Services,
50 Trinity Gardens,
London SW9 8DR

From Mr Brian A. Jones.

Sir, the problem with the assets of the Maxwell pension funds is not that they are in "a kind of legal limbo". It is, apparently, that somebody pinched them.

You offer two columns of suggestions on how to revise various aspects of pension law which others will seek to expand without, I am willing to bet, covering all eventualities. Why not *just* require that all private pension funds carry a bond to protect their beneficiaries against theft or diversion?

Given reasonable and, with any luck, concise standards for the issuer of the bond, setting the standards for coverage can be left to the underwriter. Since he has to put his money where his mouth is, he should do a reasonable job and competition should keep his price about right.

Brian A. Jones,
10 Clinton Street,
Brooklyn,
NY 11201, US

A-level results hit by funding

From Mrs Peta Bainbridge.

Sir, I refer to your your article about the expansion of further and higher education ("Middle classes gain from rise in college places", December 5). I feel, as a teacher in a comprehensive school, that the funding system is the cause of poor A-level results in such schools. The sixth form is funded according to the number of pupils, which means that unsuitable candidates are allowed, indeed encouraged, to stay on for A-levels. In a group of maybe 12, pupils range from potential A-grades to definite unclassifieds.

It is impossible to teach such a group successfully, as some never progress beyond GCSE C-grade while others hope to aim at S-level. Funding should be made per group, not per pupil at sixth form level. Everyone would benefit.

Peta Bainbridge,
39 Priests' Lane,
Brentwood,
Essex CM15 8BU

Prisoners need no warning on consequences of rioting

From Mr John Masterson.

Sir, I read with great concern Mr Kenneth Baker's statement ("Parliament and Politics", December 4) regarding the Prison Security Bill – that *the new offence of prison* mutiny would bring home to prisoners the severe consequences of mutinous behaviour, and that prisoners must be aware that rioting is not a cost-free option.

Prisoners have always been aware that to riot is never cost-free. My worry is that although most prison officers do a good job, there is an element who deliberately antagonise volatile prisoners to get a reaction from them, out of frustration and boredom.

These officers will be encouraged to provoke prisoners even further, knowing that the prisoners would be too frightened to react.

My great fear is that this could only go on for so long – then there would be the mother of all riots.

John Masterson,
19a Philip Walk,
London SE15

Consumers' views on postal changes must be heeded

From Mr John Beishon.

Sir, Mr Cockayne (Letters, December 5) views the prospect of one postal delivery a day with horror. We at the Consumers' Association agree that more research is needed to find out whether other consumers agree with him – which was precisely the point of our comment. A single delivery might be acceptable – equally, it might not, but without research it is impossible to know.

Similarly, Mr Cockayne may well be right in his suggestion that a single delivery in the afternoon will prove unacceptable to many, even with a trade-off such as lower stamp prices. We would not want to pre-judge the issue, particularly before detailed proposals and studies of their likely implications are on the table. Our concern is that the consumer's view is canvassed and heeded. The Citizen's Charter leads us to expect nothing less.

John Beishon,
Consumers' Association,
2 Marylebone Road,
London NW1

Red deer in Scotland not culled because sheep are offering a better return

From: Christopher J. Staples.

Sir, James Buxton's article ("Scots estates may be ordered to cull deer", December 9) highlights the problem of the red deer in Scotland. The population has to be reduced by 50,000.

Some landowners have not been culling the correct numbers – eg, the Cairngorm/West and East Grampian population rose from 23,000 to 33,000 between 1967 and 1988.

However, the sheep population of Scotland increased by 373,000 to just under 10m between June 1990 and June 1991, according to the Department of Agriculture for Scotland!

Hill ewes collect a subsidy of £26 per head, and with the wholesale price of venison at 30p per pound, there is certainly no financial incentive to cull red deer hinds, and no apparent help forthcoming from the government or the EC, as there is no subsidy paid on hinds.

With impending sheep quotas, hill farmers have been keen to ensure that numbers are maximised ahead of imposition.

The expansion of forestry plantings, sheep numbers and now proposed designation of "Natural Heritage Areas" all adds up to a smaller area available for red deer in the future.

I quote David Bower, chairman of the Scottish Council of the British Deer Society, in the November Journal: "There are too many red deer in certain parts of Scotland ... There are too many sheep for the good of the habitat in certain parts of Scotland ... There are too many hill-walkers, mountain bikers, Munro Baggers and twitchers for the good of the environment in certain parts of Scotland."

For my part I shall be giving up a week of my annual holiday next week, leaving a comfortably heated office, to go and stalk hinds in Caithness. This deer forest carries an increasing population of sheep which will be competing for the dwindling winter grazing. Historically the hind cull quota has always been met.

Hind stalking is a tough, uncomfortable but challenging sport, far more demanding than stalking distracted love-lorn stags. I would urge competent *rifles to participate in this* rather unpopular winter sport before the execution squads are drafted in.

Christopher J. Staples
Woodstock
8 Gamekeepers Road
Edinburgh EH4 6LX

ADVERTISEMENT

BUILDING SOCIETY INVESTMENT TERMS

	Product	Gross CAR	Net CAR	Interest paid	Minimum balance	Access and other details
Alliance and Leicester	Ninety Day	11.25	8.44	Yearly	Tiered	10.75/10.30/9.75/9.35
	Midas	10.60	7.95	Yearly	£25,000	10.00 £10K plus instant access
	Instant Access	9.70	7.28	Yearly	Tiered	9.30/9.20/8.90/8.60/Inst acc
	Tessa	11.80	N/A	Yearly	£10	28 days not/mth int. av.
Barnsley (0226 733999)	Summit	11.25	8.44	Yearly	£50,000	90 days' not/pen £10K inst acc/M I
Birmingham Midshires (0902 710710)	Quantum Tessa	11.50	N/A	Yearly	£25	30 days penalty
	Quantum High Int.	11.36	8.46	½ Yearly	£50,000	60 days not/pen inst acc £10K+
Bradford and Bingley (0274 561545)	Maximiser Bonus	8.50	6.38	Yearly	£1,000	Inst./Bonus for no withdrawals
	Maximiser Bonus	9.50	7.13	Yearly	£10,000	Inst./Bonus for no withdrawals
	Maximiser Option 6	11.00	8.25	Yearly	£2,500	6mths not/pen (10.50% gross mthly inc)
	Max High Rte Tessa	12.25	N/A	Yearly	£9,000	Inc 1%G pa bonus (12.25%G on spec acc)
	Maximiser Elite 7	11.45	8.59	Yearly	£5,000	Guar 6% gross p.a. above
	Maximiser Elite 7	11.78	8.84	Yearly	£25,000	Ord A/C gross rate for 12 months
Bristol and West (0272 294271)	Select	10.35	7.69	Yearly	Tiered	10.05/9.75/9.10/8.60/3.40
	Select	10.00	7.50	Yearly	£25,000	Inst acc, choice of cashcard or
	Select	9.70	7.28	Yearly	£10,000	passbk. Chequebk & quatae crd
	Select	9.10	6.83	Yearly	£2,000	where min. £2000 bal
	Select	8.40	6.30	Yearly	£500	remains
	Select	3.40	2.55	Yearly	£1	
	High 30	11.15	8.36	Yearly	Tiered	11.05/10.65/10.20/9.45/9.10 High interest with only 30 days notice
	Bonus Interest Bond	12.25	9.19	Yearly	Tiered	12.00/11.50 12mth trm £1,000 no w wthd once in 12 mths 0.25% loyty intrt factor
Catholic (071-222 6736/7)	Jubilee Bond 2	11.10	8.32	Monthly	£2,000	90 day 11.41 p mthly tlr
Century (Edinburgh) (031 556 1711)	One year Bond	10.75	8.063	On Maturity	£1	Inst acc on loss of total int acc to date wthd
	"A" Shares	11.50	8.625	Annually	£1	Gtd to 31.12.92 (11% thereafter)
Cheltenham & Gloucester (0800 717505)	London Share Acc	11.15	8.36	Yearly	£2,500	Instant access/by post
	C&G Flexi-Tessa	12.00	N/A	Yearly	£3,000	Maximum permitted under TESSA rules
Coventry (0203 252277)	Moneymaker	8.80	6.60	Yearly	£10,000	Instant access, no penalty
	Moneymaker	7.80	5.85	Yearly	£5,000	Mthly Int. £10,000 - 8.46%
	3 Year Bond	11.55	8.66	Yearly	£40,000	With 90 days' notice or penalty
	3 Year Bond	11.15	8.36	Yearly	£25,000	monthly income option.
	3 Year Bond	10.40	7.80	Yearly	£1,000	
	Instant Option	11.55	8.66	Yearly	£40,000	
	Instant Option	11.15	8.36	Yearly	£25,000	Inst acc/no pen
	Instant Option	10.40	7.80	Yearly	£10,000	Monthly income option.
	Instant Option	9.50	7.12	Yearly	£5,000	
	Tessa	11.55	N/A	Yearly	£1.00	Mthly int 10.98 tax exempt spec sav acc
Halifax*	90-Day Xtra	8.84	6.60	½-yearly	£500	90 days, but
	90-Day Xtra	9.25	6.91	½-yearly	£5,000	instant where
	90-Day Xtra	10.09	7.53	½-yearly	£10,000	£5,000 remains
	90-Day Xtra	10.62	7.91	½-yearly	£25,000	
	90-Day Xtra	11.30	8.42	½-yearly	£50,000	
	Tessa	11.40	N/A	yearly	£50	5yr term with 2 bonuses
Lambeth (071 928 1331)	2 Year Term Share	11.70	8.78	Yearly	£500	60 days notice after 1 year 10 months
Lancastrian (061 643 1021)	Masterplan	10.20	7.65	Yearly	£25,000	Instant access no penalty
	30 Day Notice Acc	11.05	8.29	Yearly	£50,000	w/d per month of £5000 w/d pen
Leeds & Holbeck (0532 459511)	Monthly Interest	11.16	8.370	Monthly	£100,000	11.76 annual - 90 days notice
	Select Notice	11.50	8.625	Yearly	£2,500	12 mths notice. 10% of bal min
	Tessa	12.25	N/A	31 Dec	£1	Plus ½% extra int. year 5
Leeds Permanent (0532 438181)	Solid Gold	11.10	8.33	Yearly	£50,000	3mth Tiered rates from £500
	Liquid Gold	9.80	7.35	Yearly	£10,000	Inst acc. No pen. Tiered rates from £25
Marsden (0282 692821)	Rainbow 90	11.35	8.51	Yearly	£50,000	90 days notice
	Rainbow 90	11.20	8.40	Yearly	£25,000	90 days notice
National & Provincial*	Private Reserve	9.45	7.08	Yearly	£500	90 days notice/
		9.55	7.16	Yearly	£2,500	penalty. Two
		9.75	7.31	Yearly	£5,000	free withdrawals
		10.30	7.72	Yearly	£10,000	of up to £2k per annum
		10.75	8.06	Yearly	£25,000	Instant access above £10k.
		11.25	8.43	Yearly	£50,000	Interest paid 1 June.
		11.40	8.55	Yearly	£100,000	
Newcastle (091 2326676)	Nova Superstar	12.96	9.59	Monthly	£50,000	Acc mst be hld for 12 mths then 90d not
	Nova Plus	11.24	8.33	Monthly	£50,000	Instant access. Tiered A/C
	TESSA	11.35	N/A	Annually	£1	1% maturity bonus on 1st years cap invest
North of England (091 5656272)	Prestige Monthly	11.00	8.25	Monthly	£50,000	60 days not/pen. Tiered from £5k
	Tessa	12.50	N/A	Yearly	£10	Tax exempt where capital remains 5 years
Northern Rock (091 285 7191)	Eclipse	12.25	9.07	Monthly	£50,000+	60 day
		11.75	8.70	Monthly	£25,000+	notice
		11.00	8.15	Monthly	£10,000+	limited
		10.25	7.60	Monthly	£5,000+	issue
		3.09	2.31	Monthly	£1+	
Norwich & Peterb'gh (0733 371371)	Special 85	11.57	8.56	Choice	£50,000	85 days' notice/penalty
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

*For telephone see local directory. CAR = Annual yield after interest compounded [illegible] 14/12

UK COMPANY NEWS

David S Smith expands in France as profits dive

By Michiyo Nakamoto

DAVID S Smith, the UK's biggest paper manufacturer, yesterday unveiled a £10m downturn in interim profits and at the same time announced that it had conditionally agreed to acquire Kaysersberg Packaging, a leading French packaging company, for FFr1.51bn (£153.6m).

The acquisition will be funded via a placing and offer of new shares to raise £91.5m and from Smith's own resources.

For the half year to end-October group pre-tax profits dived from £13.1m to £3.1m. The directors attributed the setback to weak trading in the UK and increasing weakness in continental markets. Turnover fell to £171.3m (£186.2m).

Cost reduction, particularly at the Kemsley paper mill, led to exceptional charges of £8.7m.

The interim dividend is being maintained at 2.75p in spite a drop in earnings per share to 3.5p (12.7p) and, in the absence of unforeseen changes, the directors intend to recommend a same-again final of 6.75p.

The proposed acquisition is the group's first step forward in fulfilling its continental ambitions.

The cost comprises an initial cash consideration of FFr1.13bn and debt of about FFr381m which the group is assuming on completion of the deal.

"This was the move that our existing shareholders wanted," said Mr Peter Williams, chief executive.

In order to be a major player it needed to be in Europe since international customers were increasingly seeking suppliers that can service them on a Europe-wide basis.

Kaysersberg, which is about half the size of Smith, is a European leader in corrugated packaging with a high content of recycled paper.

It supplies mainly French and German markets and has a major share of the French heavy duty corrugated paper market.

It is strong on higher value-added products, particularly heavy duty corrugated packaging - an extremely profitable specialised product, Smith said.

Kaysersberg also provides Smith with a platform for future growth.

Mr Williams said expansion would have to come from continental Europe, as opportunities for growth in the UK were limited.

The French company is a wholly-owned subsidiary of JA/Mont Holdings, a pan-European tissue and hygiene products group which in turn is 50 per cent-owned by James River Corporation and Cragnotti & Partners Capital Investment.

In the year to December 31 1990 it recorded consolidated profits before tax of FFr130.6m on sales of FFr1.49bn.

This year non-consolidated profits before tax were FFr99.5m on sales of FFr1.06bn in the nine months to September 30.

The placing of 35.3m new ordinary shares will be subject to a 2-for-5 open offer to qualifying shareholders at 285p per share.

David Smith's shares closed 15p lower at 299p.

The balance of the acquisition, to be funded from the group's own resources, will reverse a £15m net cash position into that of £32m debt.

In April, Smith launched a £51m rights issue to reduce debt and fund further expansion of its Kemsley paper mill in Kent.

See Lex

Peter Williams: The move that shareholders wanted

Williams lifts stake in Racal to 9.98%

By Roland Rudd

WILLIAMS Holdings, the industrial conglomerate, yesterday increased its stake in Racal Electronics from 2.75 to 9.98 per cent by purchasing 29.5m shares in the market as its bid for control of Racal entered its final stage.

The purchase took Williams' stake to just below the 10 per cent maximum allowed by the Takeover Panel without a full cash alternative.

SG Warburg bought the shares for Williams at a price of 57p per share. Racal's shares closed unchanged on the day at 51p and Williams shares rose 1½p to 311p. Williams' 2-for-25 share offer plus 10p cash per Racal share was yesterday worth £780.8m.

The Williams offer, which has steadily increased as its share price has risen over the past week, is now worth 56.65p per Racal share or 57.19p if investors choose the all-share option.

Advisers to Williams yesterday said they hoped institutional investors would interpret the purchase as a reflection of the conglomerate's confidence in winning the takeover battle.

At the same time Racal revealed that Sir Ernest Harrison, its chairman, and other members of the Racal board had bought 2.48m shares.

The company said the purchase of its own shares reflected the confidence of its board that it would retain its independence.

Racal said the bid still undervalued the company. It said it was not against talking about a serious offer for the company but it would have to be "big money".

Williams' offer closes on December 22.

Inquiries continue into Maxwell's death

By Richard Lapper in London and Peter Bruce in Madrid

LONDON INSURERS who underwrote a £20m personal accident policy covering Mr Robert Maxwell's accidental death are continuing their own independent inquiries into the publisher's demise in the wake of yesterday's inconclusive report by Spanish pathologists.

The Spanish investigating judge in Tenerife, Ms Isabel Oliva, formally concluded that Mr Maxwell "probably" died by accident and recommended that the case be closed.

But Mr John Fisher, the claims manager for Lloyd's syndicate 782, said that findings left insurers "in no-man's land". Syndicate 782, which is managed by Sturge Holdings, is at the head of a list of Lloyd's underwriters and London market companies which underwrote a £20m personal accident policy.

Mr Iain West, a senior pathologist working on behalf of insurers, left for Madrid on Thursday to examine tissue samples of Mr Maxwell's "brain, heart and lungs". Mr West, who initially took the samples before Mr Maxwell's burial, will report his findings to Mr Fisher on Monday.

Under the terms of the insurance policy, which was broked by Willis Wrightson, the UK subsidiary of Willis Corroon, a claim is only triggered if Mr Maxwell died from accidental causes, including murder. Underwriters will not pay out if the death was due to natural causes or suicide, said Mr Fisher. In line with usual practice the onus is on the insured - a number of Mr Maxwell's companies are named on the policy - to provide evidence backing any claim, he added.

According to the Spanish pathologist's autopsy summary Mr Maxwell's death was probably caused by more than one thing. "The overall interpretation of the chemical, clinical and microscopic evidence leads us to believe that the probable cause of death (was) a dual mechanism," the summary reads, "consisting of an existing ischemic heart condition accompanied by a possible co-factor of drowning."

That means they believe he may have collapsed, alive, into the water or at least have fallen because of the heart condition.

"As to the legal-medical reasons for the fall (from the yacht) it is probable that this, given the above, was an accident although other explanations cannot be ruled out."

The pathologists said they had found no signs of violence on the body.

Should the issue ever go to court, the Tenerife investigation would not necessarily be conclusive evidence. To have died accidentally, Mr Maxwell would have had to have left the yacht not only alive but also saveable.

Privately, the pathologists have been saying they believe that had the publisher collapsed on deck he could indeed have been saved. Falling into the water made that impossible and death could thus have been accidental.

BAe reorganises corporate structure

By Paul Betts, Aerospace Correspondent

BRITISH Aerospace announced yesterday a significant reorganisation of its corporate structure as part of efforts to strengthen management and concentrate on its main business activities.

The move follows the top management changes approved by the company's board earlier this week including the appointment of Mr George Simpson, the chairman of BAe's Rover car subsidiary, to a new post of deputy chief executive.

Mr Dick Evans, BAe's chief executive, said yesterday Mr Simpson would also have specific responsibilities for Ballast Nedam construction subsidiary, Arlington Securities property group, the space and communications subsidiary and the enterprises subsidiaries.

The defence activities are being regrouped into one organisation headed by Mr John Weston, who is at present in charge of the military aircraft business. It will combine the land, sea and air capabilities of four divisions including military aircraft, guided weapons, the Royal Ordnance armaments subsidiary and the systems and services division.

It will be one of the main cores of the company with sales totalling £4.7bn last year and a forward order book of £7bn.

In the commercial aircraft activities the Airbus division will be separated from the regional aircraft and corporate jet businesses.

Mr Bob McKinley, at present head of commercial aircraft operations, will become chairman of the Airbus unit as well as chairman of a new Aerostructures company to be formed by the beginning of 1992. Mr Mike Turner, the present executive vice president of the defence marketing organisation, will takeover as head of the new unit embracing regional and corporate aircraft.

Mr Syd Gillibrand, at present head of BAe's aerospace companies, is being appointed vice chairman of BAe. Mr Evans said he would play a significant role in developing international strategy and relationships.

Mr Gillibrand will be responsible for the planning and creation of the new Aerostructures company embracing the manufacturing operations of both the commercial aircraft and military aircraft units. He is also assuming board responsibility for engineering.

Hanson's cash flow disclosure

By Andrew Jack

HANSON, the Anglo-US conglomerate, is one of the first British companies to comply with a new financial reporting requirement on the disclosure of cash flow in its annual report and accounts published yesterday.

The cash flow statement and accompanying notes reveal that the group had a net cash inflow after financing of £5.2bn in the year to September 30 1991, compared with an outflow of £1.6bn in the previous 12 months.

It had a net inflow of short-term investments of £3bn (net outflow of £2.5bn). Net cash inflow from operating activities was £934m, representing 96 per cent of profit from trading operations (77 per cent).

FRS 1 on cash flow statements, issued by the Accounting Standards Board earlier this year, replaces the old sources and application of funds statement. It becomes compulsory for all companies from year ends after March 23 1992.

Much of the information could in the past only be obtained through laborious calculation from footnotes in other parts of the accounts, and other figures were not previously disclosed at all.

Wolseley, the plumbing and building materials group, and MEPC, the property company, have already issued annual reports with the new statement. The Accounting Standards Board said it had received a small number of others with the new statement, but they did not contain all the footnotes required in the standard.

Hanson already boosted its disclosure on December 4 when it announced its results for the year broken down by individual businesses for the first time.

There is also evidence of far heavier involvement from investor relations consultants in the new annual report, with a strong emphasis on the company's environment and community activities.

George Walker goes to the Appeal Court

By Roland Rudd

Mr George Walker, deposed chairman and chief executive of Brent Walker, leisure group, took his fight against the High Court's refusal to grant an injunction stopping his removal from the board to the Court of Appeal.

In July, on the eve of a meeting at which the banks were to call for his removal, Mr Walker failed to obtain a High Court order banning the banks from taking their planned action.

Another meeting is planned for next Thursday at which the banks again plan to seek Mr Walker's removal from the board.

● The Power Corporation is continuing negotiations with Brent Walker, the troubled leisure group, about ending their joint venture, Walker Power.

NEWS DIGEST

Placing and open offer at Young

YOUNG GROUP, the opencast and drift coal miner which also has interests in contract coal mining, fuel distribution and road haulage, has proposed to raise about £5.4m net by the issue of 5.71m convertible preference shares of £1 each at par, pursuant to a placing and open offer, themselves subject to shareholder approval.

The group plans to use the proceeds from the placing and open offer mostly to reduce borrowings and also to fund a programme of capital and development expenditure both in the UK and Venezuela over the next two years.

The convertible preference shares have been placed with institutional investors at par, subject to the right of qualifying shareholders to apply for them under the open offer, on the basis of six convertible preference shares for every 10 ordinary held at the close of business on December 6.

Neotronics makes $5.5m acquisition

Neotronics Technology, measuring instruments manufacturer, is acquiring the instrument division of Solomat Enterprises for $5.5m (£3.05m) cash. It also announced a small fall in pre-tax profits from £2.71m to £2.62m.

Solomat Instrumentation makes water quality analysis instruments. In 1990 it reported pre-tax profits of $186,000 on turnover of £3.8m.

For the year to September 30 Mr Paul Gotley, chairman, said that the second half had been disappointing compared with the first. The main adverse factor in the period had been recession in its most important markets.

Turnover advanced to £16.1m (£15.6m). Earnings per share were 7.29p (6.98p). A final dividend of 1.72p is proposed for a total payment of 2.52p (2.4p).

Ensor incurs £294,000 loss

Ensor Holdings, a USM-quoted building products manufacturer and Mercedes-Benz distributor, ran up a loss of £294,000 pre-tax for the six months to end-September.

That compared with previous profits of £331,000 and followed a £1.2m downturn in profits to £327,000 for the 12 months to March 31. Half-year turnover totalled £23.03m (£26.17m).

Losses per share emerged at 1.4p (2.2p earnings) and the interim dividend is being omitted - 1.25p was paid last time.

BTR makes bid for Hawker pref shares

BTR, the industrial conglomerate which last month gained control of Hawker Siddeley, the UK engineer, in the biggest City takeover battle of the year, has launched a cash offer for the issued preference share capital of its victim.

For each 5¼ per cent cumulative preference shares of Hawker, BTR is offering 82p cash. That values the preference capital at about £4.9m. Additionally BTR will pay to accepting Hawker preference shareholders an amount equivalent to the 5.25 per cent (net) dividend (deemed for this purpose to accrue on a daily basis) for the period beginning August 2 1991 and ending on the day on which the preference offer becomes or is declared unconditional.

Strata Investments asset value ahead

Strata Investments net asset value was 185.4p per share at October 31 compared with 135.2p a year earlier.

Net revenue for the year declined from £278,000 to £227,000 for earnings per share of 1.4p (1.32p). The proposed single final dividend is 1.4p (1.32p).

Thailand fall hits Abtrust New Dawn

Declines in Thailand and Indonesia resulted in net asset value at Abtrust New Dawn Investment Trust over the six months to October 31 falling from 123.85p to 104.02p per share. A year earlier it had stood at 86.53p.

A strong increase in investment income was behind a rise in total income to £460,000 (£266,000). Net revenue was £110,000 (£62,000) for earnings per share of 0.37p (0.21p).

Carr's Milling falls to loss of £228,000

Severe pressure on bread margins continued to have a detrimental effect on Carr's Milling Industries, the miller, baker and animal feed maker. It reported pre-tax losses of £228,000 for the year to August 31, against profits of £516,000 last time.

Mr Ian Carr, chairman, said that the marked improvement in the agribusiness results was not sufficient to offset the disappointing results elsewhere. Turnover totalled £89m, against £77.7m last time which included £8.8m from the now-sold chicken processing business.

Below the line there was an extraordinary charge of £193,000 (£350,000 credit) and the losses per share emerged at 1.2p, against last time's losses of 36p which had been severely impacted by an exceptional deferred taxation charge of £2.75m.

The final dividend is reduced to a proposed 2.9p (5.75p) for a lower total of 3.9p (7.5p).

Firstland losses grow to £455,000

Taxable losses grew at Firstland Oil & Gas from £219,000 to £455,000 in the six months to June 30.

The result was adversely affected by net interest payable of £70,000 (£3,000) and exceptional costs of £285,000 (nil). The latter related to a write-down in the value of Firstland's interest in Explaura Holdings.

Turnover, though, was also down at £233,000 (£325,000) but the company ascribed this to the disposal of producing wells in Ohio in mid-1990 and lower gas prices in the southern US.

Losses per share expanded to 2.05p (1.01p).

Boscombe Property advances 47%

Boscombe Property lifted pre-tax profits by 47 per cent from £124,586 to £183,231 for the six months to September 30.

Gross rental income amounted to £400,166 (£341,650) and investment income to £779 (nil).

Earnings per share rose to 134.98p (92.12p) and the interim dividend, already paid, was doubled to 80p.

John Swan rises to £166,000

John Swan & Sons, the Scottish livestock auctioneer and estate agent, lifted pre-tax profits from £132,800 to £166,800 in the half-year to October 31.

Turnover expanded to £646,300 (£516,200) and earnings were up at 18.6p (14.8p) per share.

Weir expands in US pumps with $22m buy

By Peggy Hollinger

WEIR Group, the UK engineering company, is moving into the US pump market with the $21.7m acquisition of Peabody Floway, the California-based manufacturer of turbine products which claims about 11 per cent of the domestic market.

The announcement was accompanied by a £12.3m placing of 3m shares at a 4 per cent discount to yesterday's price of 422p, to raise £12.3m. The new shares would represent about 4 per cent of the group's enlarged share capital.

Mr Ron Garrick, chief executive, said the acquisition fitted into the group's strategy of buying smaller businesses in the US and Europe with the aim of building them into larger concerns.

Mr Garrick said the biggest opportunities in the US lay in the power station field. Over the last five years, power stations had accounted for about 20 per cent of Weir's business, although very little had been done in the US.

Mr Garrick expected Peabody - which would be included for a full 12 months in Weir's 1992 accounts - to contribute at least the £5.1m pre-tax profits which it made in 1991.

Barclays agrees to lead YJ Lovell refinance talks

By Peggy Hollinger

YJ LOVELL, the UK housebuilder, sought to reassure customers and shareholders yesterday with the announcement that Barclays had agreed to lead refinancing talks following recent warnings that it was in potential breach of two covenants.

The discussions will be held by Lovell's six main bankers, three of which claim the bulk of its facilities.

Mr Trevor West, finance director, said the group would have been in breach of its net worth and interest cover covenants following the announcement of its results on Monday. However, these have been waived while the discussions take place.

The group said in a statement last night that "in the absence of a major deterioration in the financial position ... [the group] will have sufficient banking facilities ... to cover borrowing requirements during the coming year". Lovell is estimated to have debt of about £108m, including off-balance sheet obligations of £41m.

Last month, Lovell said it planned to make provisions of £82m for closures of companies and a revaluation of its landbank. Analysts are forecasting losses of between £30m and £50m for the year to September.

The shares, which collapsed from 98p to 32p on November 29 when the provisions were announced, held firm yesterday to close at 37p.

EIT expands as losses decline to £99,000

EIT, the USM-quoted industrial wholesaler and computer services group, is acquiring Sintrom, which has similar interests, via a recommended share offer worth £1.7m. Irrevocable undertakings to accept the 6-for-5 share offer, have been accepted in respect of 65.1 per cent of the equity.

In addition, EIT is raising £2.3m net by way of a placing and open offer of new ordinary at 15p each and a placing of 12 per cent convertible redeemable unsecured loan stock.

EIT is also acquiring Software Networks for a maximum £550,000 in shares of which £500,000 is profit-related.

For the six months to September EIT incurred a pre-tax loss of £99,000 (£126,000). Loss per share was 1.05p (2.39p).

Net asset value falls to 122.58p TR Technology

The net asset value per ordinary share at TR Technology, the investment trust, was 122.58p at October 31, 1.3 per cent lower than the 124.15p standing six months earlier.

The nav per zero dividend preference share was 5.9 per cent higher at 149.12p and that for the stepped preference 2.4 per cent up at 118.19p.

Pre-tax revenue for the half year to the end of October fell from £2.54m to £2.34m and total net assets increased 3.2 per cent to £182.4m. Earnings declined to 1.64p (1.99p) per share.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

½ hour period ending	Provisional Price for Trading on 14.12.91: Pool purchase price £/MWh	Final Prices for Trading on 15.11.91: Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.15	16.45	16.45
0100	20.72	20.79	23.35
0130	27.50	26.00	29.74
0200	27.50	26.00	28.70
0230	19.58	18.14	20.60
0300	19.58	18.14	20.60
0330	16.95	16.53	16.53
0400	16.63	16.34	16.34
0430	17.11	16.34	16.34
0500	17.05	16.34	16.34
0530	17.46	16.30	16.30
0600	17.46	16.30	16.30
0630	17.46	16.30	16.30
0700	17.54	16.30	16.30
0730	19.44	16.30	16.30
0800	19.44	16.45	16.45
0830	19.44	16.39	20.59
0900	21.66	18.11	21.64
0930	26.54	26.16	31.02
1000	26.54	26.16	30.96
1030	26.54	26.16	30.96
1100	26.54	20.65	23.22
1130	21.79	19.67	22.20
1200	21.41	19.67	22.21
1230	21.41	19.67	22.21
1300	20.42	19.67	22.20
1330	17.59	19.67	22.18
1400	17.45	16.43	16.43
1430	17.28	16.30	16.30
1500	17.32	16.30	16.30
1530	17.32	16.30	16.30
1600	17.41	16.34	16.34
1630	20.42	16.46	16.46
1700	23.77	20.99	23.42
1730	27.01	26.54	28.20
1800	27.01	26.54	29.19
1830	26.99	26.54	29.19
1900	23.75	24.74	27.35
1930	21.47	22.34	24.89
2000	21.47	20.89	23.41
2030	21.47	20.30	22.81
2100	19.44	18.50	20.97
2130	17.54	18.50	20.97
2200	17.41	18.50	20.97
2230	17.41	16.43	16.43
2300	17.32	16.30	16.30
2330	17.05	16.25	16.25
2400	17.11	16.29	16.29

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.89/MWh becomes 1.689p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-two days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

Wizard plan to underpin brick market

Michiyo Nakamoto on the reasons behind Redland's proposed merger with Steetley

MR ROBERT NAPIER, chief executive of Redland, has difficulty hiding his excitement over the thought of a possible merger with Steetley.

On the day that Redland announced its bid, he had been seeing shareholders armed with the effort of two years work put into thinking out the logic and practicality of a deal with Steetley.

"The combination is truly visionary," he says as he leafs through the pages of a heavy green book containing the arguments his team has put together for the merger,codenamed Merlin.

The plan had been presented to Redland's board in June.

Ideally, any bid would have come later after the UK recession was seen to have truly hit bottom. However the announcement of Steetley's joint venture with Tarmac forced Redland's hand.

The commercial benefits of bringing together Redland and Steetley were compelling, claims the youthful Mr Napier, who, at the age of 43, is probably facing the biggest test yet of his career.

The two businesses are complementary in terms of geography, product range and customer base, and a merger would address the overcapacity in the UK bricks market as well as create a major international building materials group.

UK brick sales have been running 25 per cent below capacity while prices have fallen by an average of 15 per cent in the past year. The outlook, brick manufacturers agree, is not likely to improve until well into next year at least.

"There isn't going to be demand-led growth, there isn't going to be price-led growth. There has got to be rationalisation," says Mr Gerald Corbett, Redland financial director.

The combined group would have brick manufacturing capacity of 800m. Redland plans to reduce that to 650m through the permanent closure of between 11 to 13 plants, including five of its own which it has already closed temporarily.

There are the additional benefits of being able to reduce overheads, purchasing economies and production synergies, Redland claims, as well as the advantages of pulling together the financing operations.

For Redland there is also the attraction of being able to use Steetley's capacity to offset profits against advance corporation tax. With more than 70 per cent of group profits earned outside the UK, Redland does not have sufficient UK profits to offset against ACT.

But it is the European vision that makes the bid especially attractive to Redland, which earns the bulk of its profits in Germany, where it controls Braas, the leading manufacturer of pitched roofing products, the US, the Netherlands and Australia.

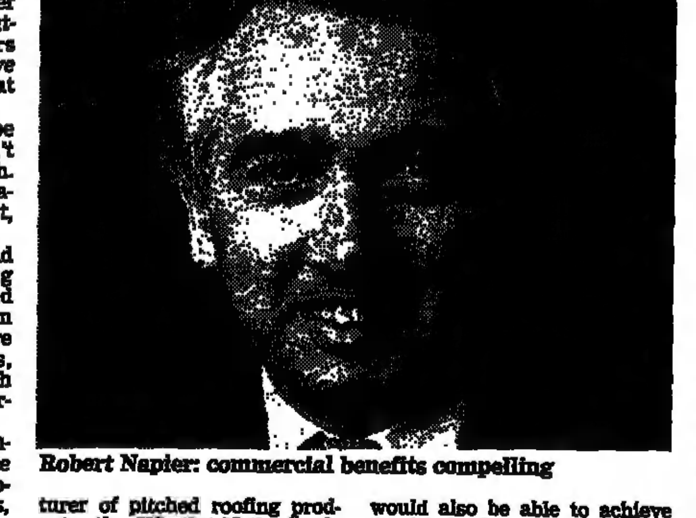
Steetley's French aggregates business would be a useful addition. Mr Napier says: "Taking the medium term view we'd like to be a major player in aggregates in continental Europe."

Steetley is one of the largest aggregates producers in Europe. A merger would take Redland from being fourth or fifth in aggregates in the UK to one of the top producers in Europe.

While maintaining its position as world leader in pitched roofing materials, Redland would also be able to achieve the kind of scale in bricks it needs to become an international company. The merger, Mr Napier says, would create "the building materials company" of Europe.

Unfortunately for Mr Napier and his team, Steetley had already chosen to address the problem of overcapacity in the UK building materials industry in its own way.

Last week it announced a joint venture with fellow building materials group, Tarmac, which would merge their domestic bricks, clay, rooftile and concrete products businesses.



Robert Napier: commercial benefits compelling

"This was something that had to be done," said Mr David Donne, Steetley's chairman, in defending the deal with Tarmac.

Mr Donne, who calls Redland's offer "inadequate", is particularly piqued by the predator's claim that the joint venture dilutes Steetley's assets and is more favourable to Tarmac.

"I don't agree with what they say about the joint venture. The industry needs this and we were first off to do this."

The timing of the announcement of the joint venture, and the decision by Steetley to hold an extraordinary general meeting on December 18 to vote on it, meant that Redland was forced to act fast in launching its bid. Its offer is conditional on the joint venture with Tarmac not proceeding.

A combined Steetley-Redland would have to realise in excess of £18m of merger benefits in order to cover the premium attached to its offer, City analysts believe.

Although it is doubtful whether Redland can do that without bringing restructuring costs above the line and affecting next year's earnings, Mr Napier is confident that this can be achieved and that disposals will not be necessary.

"We know what we are doing," says Mr Napier, the green book at his side. "We're buying businesses we know."

هكزامن الأحمل

ECONOMIC DIARY

TOMORROW: National Savings results (November).

MONDAY: *CBI monthly trends enquiry* (December). Index of output of the production industries (October). Retail sales (November-provisional). US industrial production (November). The Middle East peace talks are expected to resume in Washington. The general affairs council of the European Community holds two-day meeting in Brussels. *Judgement in case of BT* employees claiming damages for repetitive strain injury expected in the City of London County Court. International *conference on Aids in Dakar.*

TUESDAY: Company liquidity (third quarter). Public sector borrowing requirement (November). US housing *starts, building permits* (November). Environmental organisations (Friends of the Earth, Greenpeace, World-wide Fund for Nature) meet in Paris to prepare draft document to present to UN conference in Rio next June.

WEDNESDAY: *New construction orders* (October-provisional). Investment intentions of the manufacturing and service industries (autumn survey). US capital spending figures (third quarter). Start of two-day United Kingdom par*liamentary debate* on the Maastricht summit. Mr Roger Levitt, founder and chairman of the collapsed Levitt financial services group, accused *of theft* at Bow Street Magistrates Court.

THURSDAY: Cross-border acquisitions and mergers (third quarter). Labour market statistics: unemployment and unfilled vacancies (November-provisional); average earnings *indices* (October-provisional); employment, hours, productivity and unit wage costs; industrial disputes. Major British banking groups' *monthly statement* (November). Provisional estimates of monetary aggregates (November). Provisional figures of vehicle production (November).

FRIDAY: Gross domestic product (third quarter-provisional). About 20 parties, including South African government, Inkatha and the ANC, due to hold talks on non-racial constitution in *Johannesburg (until December 21).*

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS — Friday December 13 1991

Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Thu Dec 12 Index No.	Wed Dec 11 Index No.	Tue Dec 10 Index No.	Year ago (approx) Index No.	1991 High		1991 Low		Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (179)	749.60	+0.8	9.05	6.44	14.14	34.30	743.84	728.51	730.46	726.97	890.04	15/3	675.31	16/1	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (23)	900.53	+0.7	7.74	6.92	17.44	46.51	894.01	869.19	869.77	983.88	1167.75	14/3	849.28	6/12	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (29)	918.23	+0.1	8.15	8.24	17.97	51.42	916.91	910.73	917.04	1144.13	1438.66	15/3	895.94	6/12	1951.50 16/7/87	71.48 2/12/74
4	Electricals (10)	2380.04	+0.6	10.13	6.22	12.56	98.23	2365.15	2326.37	2344.31	1920.07	2675.48	1/10	1837.98	22/1	3040.80 8/9/89	84.71 25/6/62
5	Electronics (25)	1687.23	+2.3	10.96	5.11	11.57	53.94	1648.63	1618.73	1620.54	1559.96	1958.19	15/3	1478.08	16/1	2308.22 19/5/89	1229.91 8/10/85
6	Engineering-Aerospace (8)	331.38	-0.6	16.30	7.84	7.47	18.52	333.33	330.45	325.99	402.31	469.23	9/4	322.71	2/12	502.42 13/6/90	322.71 2/12/91
7	Engineering-General (43)	457.14	+0.6	10.53	5.49	11.72	18.20	454.40	450.13	451.95	368.85	503.16	2/10	339.57	23/1	505.10 15/6/90	339.57 23/1/91
8	Metals and Metal Forming (9)	308.53	+1.5	2.11	11.41	-	25.83	304.06	297.05	300.50	401.33	509.18	3/4	297.05	11/12	596.67 9/10/87	49.65 6/1/75
9	Motors (12)	292.91	+2.8	8.84	8.22	15.02	17.56	284.84	280.57	278.60	294.48	371.25	6/9	266.43	16/1	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (20)	1503.51	+0.1	7.96	5.45	14.94	59.05	1501.72	1458.65	1468.09	1268.38	1695.01	2/9	1147.76	16/1	1881.53 18/8/89	277.55 15/1/81
21	CONSUMER GROUP (198)	1553.23	+0.4	7.57	3.64	16.31	40.73	1546.96	1521.14	1535.17	1232.44	1607.13	14/11	1188.45	16/1	1607.13 14/11/91	61.41 13/12/74
22	Brewers and Distillers (23)	1912.81	+0.7	8.85	3.71	13.66	49.14	1898.62	1883.14	1885.33	1591.17	1964.41	12/11	1478.24	25/1	1964.41 12/11/91	69.47 13/12/74
25	Food Manufacturing (19)	1215.42	+0.4	9.46	4.16	13.04	37.32	1210.33	1190.34	1191.28	1039.25	1251.91	2/10	1013.60	16/1	1251.91 2/10/91	59.67 11/12/74
26	Food Retailing (17)	2381.59	+0.2	9.73	3.48	13.35	65.37	2375.91	2323.38	2342.40	2286.52	2854.91	2/5	2231.21	22/11	2854.91 2/5/91	54.25 11/12/74
27	Health and Household (23)	4157.43	+0.5	4.95	2.32	23.20	72.62	4137.14	4043.39	4087.80	2573.77	4257.72	14/11	2454.93	16/1	4257.72 14/11/91	175.38 28/5/80
29	Hotels and Leisure (24)	1214.24	+1.7	8.40	5.58	14.73	45.61	1193.37	1164.71	1197.02	1221.36	1405.62	2/9	1066.91	25/1	1845.77 8/9/89	54.83 9/1/75
30	Media (25)	1325.23	-4.2	7.71	5.38	16.97	48.36	1382.63	1378.76	1402.02	0.00	1565.67	20/9	1166.91	16/1	1565.67 20/9/91	1166.91 16/1/91
31	Packaging, Paper & Printing (17)	726.98	+0.9	7.42	4.57	16.32	24.43	720.70	716.78	724.01	523.28	788.41	9/9	486.96	16/1	788.41 9/9/91	43.46 6/1/75
34	Stores (32)	993.59	+1.6	7.61	3.74	17.30	26.77	977.67	959.41	970.61	789.60	1042.47	8/11	766.89	29/1	1160.58 29/7/87	52.63 6/1/75
35	Textiles (10)	591.36	-0.7	7.83	5.25	16.29	22.28	595.49	583.80	590.61	402.87	652.30	1/11	396.58	28/1	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (112)	1184.52	+1.1	10.18	5.68	12.41	40.33	1171.39	1154.07	1156.43	1020.61	1330.48	2/10	961.05	16/1	1330.48 2/10/91	58.63 6/1/75
41	Business Services (13)	1387.98	-0.8	7.27	4.80	17.47	46.93	1399.61	1387.71	1372.40	0.00	1447.24	4/10	892.28	1/2	1447.24 4/10/91	892.28 1/2/91
42	Chemicals (21)	1368.78	+1.3	7.29	5.36	17.03	54.35	1351.39	1338.77	1337.13	1075.64	1520.52	2/9	1004.01	16/1	1545.46 5/10/87	71.20 1/12/74
43	Conglomerates (11)	1278.64	+1.3	11.40	8.40	10.78	44.87	1261.74	1234.85	1265.06	1318.08	1626.42	14/3	1217.37	16/1	1819.46 11/8/89	975.19 10/11/87
44	Transport (14)	2273.57	+1.8	5.64	4.97	23.33	79.12	2234.42	2197.01	2193.07	1921.40	2425.36	2/10	1730.87	23/1	2554.69 12/7/89	90.80 29/6/62
45	Electricity (16)	1226.97	+1.8	14.69	6.14	8.85	27.53	1205.80	1176.05	1163.83	0.00	1286.51	2/10	994.96	7/1	1286.51 2/10/91	994.96 7/1/91
46	Telephone Networks (4)	1389.95	+0.4	11.29	4.51	11.57	30.42	1384.72	1373.49	1367.16	1162.77	1658.67	2/10	1085.95	16/1	1658.67 2/10/91	517.92 30/11/84
47	Water (10)	2297.91	+1.8	18.59	6.92	5.93	151.44	2256.34	2197.44	2189.97	2166.86	2539.85	6/9	2134.83	16/1	2539.85 6/9/91	1820.20 1/5/90
48	Miscellaneous (23)	1741.75	+1.6	5.75	5.70	23.94	75.10	1714.58	1690.74	1729.62	1595.39	2033.42	15/8	1506.17	16/1	2087.06 11/7/89	60.39 6/7/75
49	INDUSTRIAL GROUP (481)	1233.91	+0.7	8.66	4.77	14.47	39.66	1225.40	1204.83	1211.85	1044.47	1326.09	6/9	991.97	16/1	1326.09 6/9/91	59.01 13/12/74
51	Oil & Gas (19)	2208.28	+1.8	11.70	6.35	11.30	104.27	2168.97	2130.11	2138.48	2287.22	2509.42	23/7	2101.45	21/1	2528.70 3/8/90	87.23 29/5/62
59	500 SHARE INDEX (500)	1319.35	+0.8	9.01	4.96	14.02	44.82	1308.56	1286.43	1293.64	1146.94	1424.90	2/9	1092.04	16/1	1424.90 2/9/91	63.49 13/12/74
61	FINANCIAL GROUP (91)	714.86	+1.7	-	6.52	-	34.41	703.00	695.15	693.26	726.56	859.94	15/3	667.36	16/1	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	843.87	+3.5	4.72	6.29	41.50	38.97	815.33	801.71	798.57	774.00	990.15	6/9	695.08	15/1	990.15 6/9/91	62.44 12/12/74
65	Insurance (Life) (7)	1418.00	+2.1	-	5.97	-	63.68	1388.45	1368.09	1353.32	1318.25	1632.53	4/9	1220.74	16/1	1632.53 4/9/91	44.88 2/1/75
66	Insurance (Composite) (7)	504.96	+0.3	-	8.63	-	32.94	503.52	503.51	503.75	629.39	728.27	15/3	493.77	6/12	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (10)	989.65	+0.1	8.26	6.77	15.95	49.46	988.61	970.72	976.68	975.72	1202.38	5/4	932.88	23/1	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (7)	453.57	+0.3	-	4.72	-	16.06	452.16	453.79	453.36	356.51	498.05	15/11	327.70	16/1	547.59 12/10/87	31.21 7/1/75
69	Property (35)	814.60	-1.0	6.06	5.78	24.30	33.34	822.85	815.94	815.24	986.73	1087.65	15/3	814.60	13/12	1398.87 5/9/89	56.01 23/4/65
70	Other Financial (16)	229.80	+0.2	11.56	7.60	10.88	13.03	229.31	229.18	230.30	255.39	298.63	15/3	229.18	11/12	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (69)	1149.05	+0.7	-	3.77	-	31.82	1140.99	1124.47	1127.76	1020.25	1261.80	6/9	947.19	16/1	1323.81 4/1/90	71.12 13/12/74
99	ALL-SHARE INDEX (660)	1174.88	+0.9	-	5.12	-	41.78	1164.10	1145.30	1150.47	1042.90	1284.07	6/9	987.46	16/1	1284.07 6/9/91	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Dec 12	Dec 11	Dec 10	Dec 7	Dec 6	Year ago	1991 High		1991 Low		Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX ♦	2451.6	+28.3	2459.3	2443.1	2423.3	2380.2	2392.0	2409.6	2388.7	2168.4	2679.6	2/9	2054.8	16/1	2679.6 2/9/91	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Dec 13	Day's change %	Thu Dec 12	Accrued interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (27)	122.78	+0.31	122.41	2.65	10.97
2	5-15 years (27)	136.17	+0.36	136.01	2.43	12.78
3	Over 15 years (8)	144.45	+0.40	143.87	1.56	13.28
4	Irredeemables (6)	160.40	+0.67	159.33	1.59	13.69
5	All stocks (69)	134.25	+0.35	133.96	2.45	12.38
	Index-Linked					
6	Up to 5 years (2)	167.08	+0.02	167.05	0.76	3.16
7	Over 5 years (9)	147.86	+0.03	148.08	0.91	4.26
8	All stocks (11)	149.39	+0.02	149.57	0.88	4.18
9	Debs & Loans (62)	114.31	+0.56	113.68	1.63	10.75

	AVERAGE GROSS REDEMPTION YIELDS		Fri Dec 13	Thu Dec 12	Year ago (approx.)	1991 High		1991 Low	
	British Government								
1	Low	5 years	8.63	8.68	9.66	10.14	16/1	8.42	12/11
2	Coupons	15 years	9.32	9.37	10.07	10.24	2/1	9.24	18/9
3	(0%-7¾%)	20 years	9.32	9.37	10.09	10.26	2/1	9.24	18/9
4	Medium	5 years	9.63	9.71	10.81	11.15	2/1	9.56	20/9
5	Coupons	15 years	9.44	9.48	10.38	10.62	2/1	9.41	20/9
6	(8%-10¾%)	20 years	9.41	9.44	10.27	10.50	2/1	9.35	18/9
7	High	5 years	9.75	9.86	10.94	11.25	2/1	9.75	20/9
8	Coupons	15 years	9.50	9.54	10.56	10.80	2/1	9.50	18/9
9	(11%-)	20 years	9.43	9.48	10.44	10.67	2/1	9.41	18/9
10	Irredeemables		9.51	9.57	10.22	10.48	31/12	9.43	18/9
	Index-Linked								
11	Inflation rate 5%	Up to 5yrs	3.99	3.98	3.80	4.48	15/7	3.59	18/1
12	Inflation rate 5%	Over 5yrs	4.09	4.09	4.35	4.40	1/8	4.09	18/2
13	Inflation rate 10%	Up to 5yrs	3.30	3.38	2.41	3.40	1/8	2.13	21/2
14	Inflation rate 10%	Over 5yrs	4.16	4.18	3.89	4.22	15/8	3.90	12/4
15	Debs & Loans	5 years	11.16	11.20	12.28	12.52	12/3	11.08	25/9
16		15 years	11.00	11.10	12.32	12.38	18/1	10.84	23/9
17		25 years	10.64	10.92	12.12	12.16	18/1	10.66	23/9

♦ Opening index 2448.7; 9 am 2450.8; 10 am 2454.9; 11 am 2447.8; Noon 2448.8; 1 pm 2457.0; 2 pm 2458.0; 2.30 pm 2458.6; 3 pm 2452.0; 4.10 pm 2451.4; (a) 1.28pm (b) 11.14am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. Tel: 071-702 0991.

LONDON TRADED OPTIONS

Option	CALLS			PUTS		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

December 13 Total Contracts 25,683 Calls 16,514 Puts 9,169 FT-SE Index Calls 6,484 Puts 3,181 Euro FT-SE Calls 704 Puts 167 Eurotrack 100 Index Calls 0 Puts 0

*Underlying security price. † Long dated expiry months. Premiums shown are based on middle prices.

TRADITIONAL OPTION 3-month call rates

INDUSTRIALS	p	Charter Cons.	42	ICI	95	Reed Intl	38	MEPC	38
Allied-Lyons	50	Comm Union	40	Ladbroke	21	Sears	8	Mountleigh	3
Amstrad	4	Courtaulds	38	Legal & Gen	33	SmKl Bchm A	50	**OILS**	
Astec (BSR)	5	Eurotunnel	35	Lex Service	18	TI	39	Aviva Pet	2
BAT Inds	53	FKI	5	Lloyds Bank	30	TSB	11	BP	26
BOC	48	FNFC	5	Lonrho	20	Tesco	21	Burmah Castrol	44
BTR	33	Forte	21	Lucas Inds	12	Thorn EMI	65	Conroy Pet	7
Barclays	34	GKN	26	Marks Spencer	23	T & N	14	Gaelic Res	1
Blue Circle	20	Gen Accident	40	Midland Bank	18	Unilever	60	Premier Cons	4
Boots	33	GEC	16	NatWest Bank	28	Vickers	15	Shell	40
Bowater	58	Glaxo	75	P & O Dfd	41	Wellcome	70	Tuskar Res	1
Brit Aerospace	30	Grand Met	67	Racal Elect	6	**PROPERTY**		Ultramar	20
British Steel	10	GRE	11	RHM	21	Brit Land	24	**MINES**	
Brit Telecom	27	Hanson	16	Rank Org	52	Control Sec.	2	RTZ	46
Cadburys	36	Hawker Sidd	55	Ratners	9	Land Sec.	41		

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Carr's Milling ......fin	2.9	Jan 24	5.75	3.9	7.5
Ensor § ......int	nil	-	1.25	-	1.25
Neolronics ......fin	1.72	-	1.6	2.52	2.4
Smith (David S) ......int	2.75†	Mar 16	2.75	-	9.5
Strata Invests ......fin	1.4	Feb 7	1.32	1.4	1.32

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amt Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -	Net Div.	Times Covd	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. g Earnings based on preliminary figures. n Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast, annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ¶ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. * Issue price to private investors. ■ Unit, comprising of 5 Ords and 1 Warrant.

TRADITIONAL OPTIONS

- First Dealings Dec. 2
- Last Dealings Dec. 14
- Last Declarations March 5
- For settlement March 16

3-month call rate indications are shown on page 9.

Calls in Aegis, Albert Fisher, Alexandra Workwear, Amstrad, ASDA, Barratt Devs., D.C. Gardner, Lonrho and Wharfedale. Puts in Amstrad and Wharfedale. Puts and calls in Premier Cons.

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There's a great deal more than you may think in the pink pages. Pick up a copy of Monday's FT and find out.

No FT... no comment.

Stora to axe 2,500 jobs in cost-saving move

By Robert Taylor in Stockholm

STORA, Europe's largest paper and pulp company, is intensifying its cost-cutting programme in 1992 with a reduction of 2,500 in the size of its 45,000 strong workforce. It is hoped to reduce the company's liabilities by SKr5bn ($869.6m) through the proposed rationalisation.

The company has been forced to take the action because of the global recession in pulp and paper products. Mr Bo Berggren, Stora's president and chief executive officer, said that the "severe market conditions with overcapacity, depressed prices and increased competition" would continue next year.

The company is setting aside SKr300m to cover the cost of the restructuring and this will be posted in this year's accounts alongside SKr100m already placed there to cover Stora's earlier contraction plans.

The latest measures will include the closure of operations and units in the company, streamlining Stora's internal organisation and the transfer of manufacturing activity to limit the product range in each plant. Investment activity is also to be held in check during 1992.

The latest cost reductions come on top of Stora's existing rationalisation plans that began in 1990 with the loss of 8,500 jobs and saving of SKr800m.

Stora's sale to Metallgesellschaft, the German engineering group, of the non-forest industry segments within Feldmühle Nobel (FeNo) – the German group – which it acquired in 1990, will reduce the company's net indebtedness by SKr7bn effective on January 1.

"The recession is affecting all our business areas except research and development," said Mr Berggren. Stora's profits for the first eight months fell by 31 per cent to SKr1.19bn, a worst result than expected.

Stora Papyrus, the fine paper company, said it intended to push through a SKr400m cost savings programme in the latter part of next year with a cut of 600 jobs through plant closures and rationalising production.

Stora Papyrus blamed production overcapacity in Europe as well as a harsh competitive climate for its decision to go ahead with structural changes. This follows a SKr1.4bn investment over the past two years to improve productivity and product quality.

EOE set for switch to computer-based trading

By Ronald van de Krol in Amsterdam

THE EUROPEAN Options Exchange, Amsterdam's successful 13-year-old options market, is likely to ask its members to abandon their traditional "open outcry" system in favour of computer screen-based trading in the next few years.

A report published by an EOE working group late last week has concluded that "the switch to a computer screen trading system is inevitable from the perspective of costs and efficiency."

The report's findings stand in sharp contrast to the recent reaffirmation by the nearby Amsterdam Stock Exchange that it will continue to rely on a central trading floor.

The EOE's relatively recent German counterpart, the Deutsche Termin Börse (DTB), is an entirely screen-based market.

EOE's management expects to take several months on deciding whether to accept the advice of its working group. If it does, the introduction of computer-based trading at the EOE – the oldest and still the largest in Europe – could begin by late 1993, bringing far-reaching changes to the market.

One immediate consequence would be the loss of one third of the 229 staff jobs at the EOE.

The EOE is faced with a difficult choice between modernising its existing computers while retaining a trading floor and introducing an entirely new computer screen-based system. Modernising the existing floor system would cost Fl 67m ($37m), compared with a Fl 47m investment in screen-based trading.

In September, the EOE's move to set up the working group on computer-based trading sparked concern among the exchange's smaller, independent members that they would not be able to afford the cost of automation. The EOE is now proposing to help smaller members pay for their new equipment and to offer them space in the exchange's building. Larger members, such as Dutch banks and stock brokerages, would likely move operations to their back offices.

Any move to screen-based trading would have to be approved by EOE's members.

Czech group brings in US broker to aid futures

By Barbara Durr in Chicago

KOOSPOL, a large Czechoslovakian trading company, has signed a letter of intent with two brokers to create a futures and options trading organisation.

Koospol, with a $1bn per year turnover in agricultural and processed food products, has teamed up with Rodman & Renshaw, a Chicago securities and futures brokerage, and CA Global, a Vienna commodities brokerage which is a 50/50 joint venture of Rodman & Renshaw and Creditanstalt, the Austrian bank.

The agreement, which runs for three years, would establish a futures and options trading organisation in Prague for Koospol.

To prepare Koospol to manage its own commodities trading arm, Rodman & Renshaw and CA Global are to train Koospol personnel and advise on trading strategies.

Mr Karel Pobuda, the vice president of Koospol for business development who was in Chicago to sign the agreement, said the group wanted to hedge its risks in physical commodities and in currencies.

Koospol imports about two thirds of its total turnover and exports the remainder. Imports consists mainly of soyabean products, vegetable oil, oilseeds, rice, beef and frozen fish. Its exports include sugar, hops, beer and confections.

In addition, Mr Pobuda said the group would like to be more active in the developing Czechoslovakian stock market.

Koospol, founded as a joint stock company in 1946, grew out of the credit and agricultural co-operatives whose roots reach back to the last century. It was transformed into a state monopoly under the former socialist regime, but with the political changes of the last two years it has moved to make itself more structurally and commercially flexible.

● Shanghai's stock exchange is planning to experiment with futures trading, Reuter reports.

Mr Wei Wenyuan, general manager of the bourse, said futures trading is a necessary development in the securities industry, but as it involves certain speculative elements, a full scale launching of futures under China's current conditions still faced many difficulties.

As a result, small scale bond futures experiments needed to be carried out first, Mr Wei said, adding that this was another step towards the internationalisation of China's first exchange.

High flier spins out the money game

Nikki Tait on American Airlines' endeavours to raise its fund management profile

A discreet slip of paper lurked between the cheese ravioli and the frozen yoghurt as the American Airlines' DC-10 headed for Los Angeles. "American AAdvantage Money Market Fund," it read. "The fund that can really take you places."

This is not a flight of fancy. In what must rank as one of corporate America's most extraordinary diversifications, the nation's largest airline is becoming a fund manager.

The genesis for the scheme is simple. Airlines throw off large amounts of short-term cash, and money management expertise becomes a necessity. American, which at end-1990 employed over 87,000 people, also has a multi-billion dollar pension fund and handles its short-term assets in-house.

So when the airline took a hard look at opportunities outside the mainstream business five years ago, selling its investment skills seemed a logical step.

At that stage, nine people were managing about $3bn of pension fund cash, and a further $1bn of airline monies. By seeking outside funds, reasoned the carrier, fee income could be won for little extra overhead. Even better, this would be dependable income, cushioning the notoriously volatile returns from airline.

The initial target was institutional money – and modestly successful. Today fifty-odd clients – including a Cadbury-Schweppes' US holding company – own shares in a family of open-ended funds marketed under the American AAdvantage banner. Money under American's direct management has more than doubled (partly due to pension fund expansion) and the airline's own investment department has grown to 22 people.

In practice, only two of the funds – a money market fund and a "limited income" fund – are actually managed from the airline's Dallas-Fort Worth headquarters. The other three equity-based funds are handled by six external investment managers – these are among the 18 separate managers of the American pension fund's non-cash assets – while American deals with marketing and administration.

About a month ago, however, matters moved up a gear. The airline began inviting public money into its money market fund – and this, according to Bill Quinn who runs AMR Investment Services, could just be the start. "We are looking at a number of product areas," he says, suggesting that a "more conservative" Treasury money market fund and a tax-exempt fund may be next on the public runway.

Of course, the notion of exploiting in-house financial skills is not new. Some of the biggest US consumer goods groups, such as General Electric or Whirlpool, have branched into financial services. In GE's case, this business now rivals its core activity for size. But marketing to the man in the street is rarer, and even American concedes that past precedents have been mixed.

The airline's strength, besides some investment skills, is its easily accessible customer base. Slips of paper on in-flight dinner trays make for cheaper marketing than TV ad campaigns. American's "frequent flier" programme also presents a potential marketing "twist".

Public participants in the money market fund receive a slightly lower rate of return than institutional investors (because of higher costs), but they do earn "free air-miles" pro rata to the size of their investment. For example, anyone who maintains the minimum $10,000 investment can clock up 1,000 miles of free flying annually.

That said, there is no question that marrying a sensitive fund management operation to anything as high-profile and competitive as the airline business has its dangers, too. Mr Quinn concedes that touting equity funds to the general public might be particularly fraught should the stock market subsequently plunge or performance disappoint. "People could get mad at the airline," he says bluntly.

In fact, Mr Quinn adds, talks are currently underway between American and undisclosed retail brokerage operations, to explore an alternative distribution network.

And, alongside an airline which pulled in almost $12bn of revenues last year, the fund management sideline does remain modest.

That said, the business of transporting travellers has generated over $150m of after-tax losses during past 21 months. The fund management venture has been profitable. In these straitened times, every little helps.

Tourang back in the running for Fairfax

By Kevin Brown in Sydney

TOURANG, the consortium established by Mr Conrad Black to bid for Australia's Fairfax newspaper group, was back in the running yesterday after being ruled out by the the federal government earlier in the week.

Mr Ralph Willis, the federal Treasurer, said the government had no objections to a revised bid submitted after the government ruled Tourang's initial offer was "against the national interest."

The ruling was one of the last official acts by Mr John Kerin, the former Treasurer who was sacked last week by Mr Bob Hawke, the Labor (correct) Prime Minister.

Mr Kerin is understood to have objected to the level of foreign equity in Tourang's shareholding structure, which would have given a 15 per cent non-voting stake in Fairfax to Hellman & Friedman, the US investment bank.

Under the revised bid, Hellman & Friedman would take a 5 per cent non-voting stake in the form of debentures. Mr Black's UK Daily Telegraph group would take 15 per cent of the voting shares in Fairfax with the balance being sold to to Australian investors.

Mr Willis said Tourang had also assured him that Fairfax would be run by an Australian management team. The government is believed to have been concerned by Tourang's lack of Australian backers.

The announcement reinstates Tourang as a serious bidder for Fairfax after a number of setbacks including the withdrawal of Mr Kerry Packer, the Australian media proprietor, who was to have taken a 15 per cent stake. Two other Australian directors have also withdrawn during the bidding process.

Conrad Black: initial offer against 'national interest'

Tourang is one of three consortia which have bid between A$1.4bn and A$1.5bn for Fairfax, which publishes the Sydney Morning Herald, the Australian Financial Review and The Age in Melbourne. The group was put into receivership a year ago by its bankers with debts of A$1.3bn (US$1bn) plus US$450m in junk bonds.

The other bidders are Australian Provincial Newspapers, headed by Mr Tony O'Reilly, the Irish newspaper proprietor who is also chief executive of Heinz, the US foods group; and Australian Independent Newspapers, which is backed by a group of domestic financial institutions.

All the bidders have undertaken to float the bulk of Fairfax shares. The receiver is also considering a proposal from C.S. First Boston, the stockbroker, to float 100 per cent of the group.

Delta allowed London route temporarily

By Nikki Tait in New York

DELTA AIR Lines, one the large US carriers, has been awarded temporarily the right to fly between Detroit and London, a route formerly operated by Pan Am. Pan Am grounded its fleet last week.

Delta has said it purchased this route from Pan Am during the autumn when it acquired all the now-defunct carrier's remaining Transatlantic assets. However, Northwest Airlines, which has a hub at Detroit, fiercely contested Delta's application to fly the Detroit-London route, which needed approval from the US Department of Transportation.

Yesterday's decision by the DoT gives Delta permission to fly the route for six months, or until the Department decides which carrier should provide the service permanently. The DoT said Delta's proposal, which included an offer to continue Pan Am's one-stop service between Cleveland (via Detroit) to London, was superior to Northwest's.

Delta claimed that the Detroit-London service was one of the most attractive assets in the "Transatlantic" package it bought from Pan Am.

Correction

Citroën

It was incorrectly reported yesterday that Citroën, the French carmaker, is part of the state-controlled Renault group. As stated in the same article, Citroën is part of the Peugeot group.

Banesto defers issue of ADRs

SPAIN'S Banco Espanol de Credito (Banesto) is to postpone the issue of $150m in American depository receipts (ADRs) until late next month, AP-DJ reports from Madrid.

Banesto said the bank had hoped to offer the ADRs before the end of the year, but decided to delay the issue in light of uncertain market conditions on Wall Street.

ADRs allow investors to buy shares in a foreign company in New York, rather than purchasing the stock on an overseas market.

Merrill Lynch is lead-managing the planned issue.

Greek bank plans disposals

By Kerin Hope in Athens

THE state-controlled National Bank, Greece's largest commercial bank, plans to dispose of several subsidiaries, including a loss-making chain of luxury hotels, an insurance company and a small commercial bank.

National Bank is trying to restructure its operations to compete effectively in the single market.

The bank is also under pressure to contribute to the government's privatisation programme.

Bids are due later this month for the Astir Hotel in central Athens, one of nine properties in the group. Two other hotels, in Corfu and Rhodes, will be offered for sale next year.

The remaining units, among them a hotel complex at Vouliagmeni near Athens Airport, are to be offered on 50-year leases as they were built on public land which cannot be sold.

The Astir Hotel Group posted losses of Dr1.1bn ($6m) last year, while accumulated debt totalled Dr3.5bn.

Only two hotels in the chain are currently operating profitably.

Astir Insurance, with a nationwide sales network, is to be sold next year, according to the bank.

The company has a 5 per cent share of the Greek general and life insurance market. It posted profits of Dr158m in 1990 after several years in the red.

The Traders Credit Bank, one of Greece's smallest commercial banks with only 20 branches, will also be offered for sale in 1992.

The bank doubled its profits to Dr1.22bn last year.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1991	Low 1991
Gold per troy oz.	$358.90	-9.25	$373.75	$392.25	$353.55
Silver Per troy oz	213.25p	-12.10	204.15p	280.55	183.35p
Aluminium 99.7% (cash)	$1097.5	+15	$1520	$1570	$1082.5
Copper Grade A (cash)	£1194	-33.5	£1271.5	£1472	£1194
Lead(cash)	£291	-6	£329	£382.5	£282.75
Nickel (cash)	$7105	+5	$7932.5	$9237.5	$7090.0
Zinc SHG (cash)	$1142	-67	$1277.5	$1430	$990.25
Tin (cash)	$5505	+20	$5800	$5915	$5462.5
Cocoa Futures (Mar)	£783	+9	£693	£824	£596
Coffee Futures (Mar)	£585	-3	£599	£619	£492
Sugar (LDP Raw)	$227	-9.4	$247.0	$298	$194
Barley Futures (Mar)	£122.05		£119.40	£122.95	£107.75
Wheat Futures (Mar)	£128.00	+0.30	£122.75	£141.10	£111.80
Cotton Outlook A Index	61.65c	+0.10	84.10c	86.25c	61.55c
Wool (64s Super)	417p	+2	414p	421p	329p
Oil (Brent Blend)	$19.025x	-0.10	$26.35	$29.15	$16.75

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. x-Feb.

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.85-5.75q	+0.45
Brent Blend (dated)	$19.00-9.15	+0.50
Brent Blend (Jan)	$19.00-9.05	+.475
W.T.I. (1 pm est)	$20.30-0.36q	+0.50

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$200-203	+1
Gas Oil	$184-186	+5
Heavy Fuel Oil	$73-74	+1
Naphtha	$193-194	+5.5

Petroleum Argus Estimates

Other		+ or -
Gold (per troy oz)♣	$358.90	-0.25
Silver (per troy oz)♣	388.0c	+3.0
Platinum (per troy oz)	$356.25	-10.35
Palladium (per troy oz)	$83.25	-1.00
Copper (US Producer)	102.5c	+0.5
Lead (US Producer)	37.0c	
Tin (Kuala Lumpur market)	14.66r	-0.02
Tin (New York)	255.5c	
Zinc (US Prime Western)	82.0c	
Cattle (live weight)†	108.45p	+1.49*
Sheep (dead weight)†	150.37p	-1.40*
Pigs (live weight)†	91.17p	+5.77*
London daily sugar (raw)	$227.0x	-2.2
London daily sugar (white)	$271.5x	-0.5
Tate and Lyle export price	£233.5	-1.0
Barley (English feed)	£120.5	
Maize (US No. 3 yellow)	£147	+1
Wheat (US Dark Northern)	£101	
Rubber (Jan)♥	49.25p	+0.25
Rubber (Feb)♥	49.50p	
Rubber (KL RSS No 1 Jan)	215.5m	+0.5
Coconut oil (Philippines)§	$627.5z	
Palm Oil (Malaysian)§	$375	
Copra (Philippines)§	$405	-20
Soyabeans (US)	£143	-1
Cotton "A" Index	61.65c	-0.20
Wooltops (64s Super)	417p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Feb t-Feb/Mar u-Jan/Mar x-Nov/Dec y-Jan/Feb z-Dec/Jan. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Mar	190.80	190.00	190.00 188.20
May	189.00	188.00	189.60 187.00
Aug	190.00	189.00	188.00 187.00
Oct	190.00	189.00	188.60

White	Close	Previous	High/Low
Mar	272.5	272.2	273.5 272.4
May	272.5	272.7	273.2 272.2
Aug	276.9	277.0	277.5 276.5
Oct	259.4	258.5	260.0 258.5
Dec	259.4	258.5	259.0

Turnover: Raw 184 (1028) lots of 50 tonnes. White 386 (1360)
Paris- White (FFr per tonne): Mar 1512.25, May 1527.51

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Jan	19.05	18.58	19.15 18.80
Feb	18.97	18.61	19.07 18.79
Mar	18.88	18.56	18.92 18.71
Apr	18.86	18.40	18.85 18.64
May	18.60	18.35	18.60 18.50
Jun	18.65	18.30	18.65
Jul	18.40	18.25	18.40
IPE Index	18.49	18.04	

Turnover 17073 (25659)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Jan	183.25	177.00	183.00 178.00
Feb	183.00	177.00	183.25 180.00
Mar	178.75	174.00	179.50 176.50
Apr	174.00	170.50	175.50 174.00
May	171.25	168.25	172.75 171.00
Jun	170.25	171.50	171.00 170.00
Jul	174.50	173.50	175.00 174.00
Sep	177.00		177.00

Turnover 12685 (20855) lots of 100 tonnes

SPICES
The European spice market remained stable this week, reports Man Producten, although manufacturer demand was limited in view of coming Christmas period. Cassia from Indonesia was unchanged but spot supplies were at premiums and shipment supplies were cheaper; Vera A sticks were quoted at US$1,860 a tonne and KB broken/cleaned at $1,250 a tonne, cif Europe. Parcels of Jamaican pimento were still available at just below the official price; January/February shipment supplies were quoted at $2,375 a tonne, cif Europe. Mexican spot supplies from Hamburg warehouses were offered at $2,300 a tonne.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Dec	750	752	748
Mar	[illegible]	[illegible]	790 780
May	[illegible]	[illegible]	814 803
Jul	[illegible]	[illegible]	839 827
Sep	[illegible]	[illegible]	861 855

[illegible]

COFFEE – London FOX $/tonne

[illegible]

POTATOES – London FOX £/tonne

[illegible]

SOYABEAL – London FOX £/tonne

[illegible]

FREIGHT – London FOX $10/index point

[illegible]

GRAINS – London FOX £/tonne

[illegible]

PIGS – London FOX (Cash Settlement) p/kg

[illegible]

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 17,585 lots
Cash	1097-8	1100.5-1.5	1094	1094-4.5		
3 months	1121-2	1124-5	1125/1117	1118-8.5	1128-7	134,581 lots
Copper, Grade A (£ per tonne)						Total daily turnover 24,755 lots
[illegible]						

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

[illegible]

GOLD COINS (Prices supplied by Engelhard Metals)

[illegible]

TRADED OPTIONS

[illegible]

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Jan	20.34	19.95	20.45	20.12
Feb	20.27	19.94	20.38	20.10
Mar	20.20	19.89	20.28	20.04
May	20.06	19.83	20.06	19.95
Jun	19.96	19.80	20.02	19.90
[illegible]				

HEATING OIL 42,000 US galls, cents/US galls

[illegible]

COCOA 10 tonnes;$/tonnes

[illegible]

COFFEE "C" 37,500lbs; cents/lbs

[illegible]

SUGAR WORLD "11" 112,000 lbs; cents/lbs

[illegible]

COTTON 50,000; cents/lbs

[illegible]

ORANGE JUICE 15,000 lbs; cents/lbs

[illegible]

HIGH GRADE COPPER 25,000 lbs; cents/lbs

[illegible]

INDICES

[illegible]

New York

GOLD 100 troy oz.; $/troy oz.

[illegible]

PLATINUM 50 troy oz; $/troy oz.

[illegible]

SILVER 5,000 troy oz; cents/troy oz.

[illegible]

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

[illegible]

SOYABEAN OIL 60,000 lbs; cents/lb

[illegible]

SOYABEAN MEAL 100 tons; $/ton

[illegible]

MAIZE 5,000 bu min; cents/56lb bushel

[illegible]

WHEAT 5,000 bu min; cents/60lb-bushel

[illegible]

LIVE CATTLE 40,000 lbs; cents/lbs

[illegible]

LIVE HOGS 40,000 lb; cents/lbs

[illegible]

PORK BELLIES 40,000 lbs; cents/lb

[illegible]

هكذا من الأصل

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling dominates trading

STERLING dominated the foreign exchange markets yesterday after Mr Norman Lamont, the chancellor, ruled out a devaluation when the pound moves to the narrow 2¼ per cent ERM bands.

Sterling jumped to DM2.8850 from DM2.8625 before settling at DM2.8750, up 1½ pfennigs on the day and 3 higher on the week. It also climbed against the French franc, rising to FFr9.8200 from FFr9.7675 on the day.

Mr Lamont's comments were seen as an attempt to build on the revival in confidence towards sterling since the Maastricht summit. "He's following the German's by talking the currency up," said Mr David Cocker [illegible] Chemical Bank in London.

Sterling's effective floor within the 6 per cent band is currently DM2.83, but once it moves to the narrower band, the floor rises to DM2.88.

The news sparked speculation that sterling could [illegible] to a 2¼ per cent band as early as next week. But most dealers believed the government would wait until next year, since that would give more flexibility if the pound came under pressure in the run-up to the general election.

Most analysts noted that Mr Lamont has ruled out devaluation before, but his commitment to a 2¼ per cent band around the central parity of DM2.95 was new and triggered strong overseas buying.

The announcement prompted institutional investors to move into sterling, particularly from the US, who favoured the UK's higher interest rates. The commitment to DM2.95 makes further cuts in interest rates less likely, while the [illegible] is widely expected [illegible] lower the discount rate [illegible] week.

There was also speculation that Spain will also move to a narrower band. But as the strongest ERM currency it will have to lower its currency. It's lead over sterling – the weakest currency – narrowed to 4.65 per cent from over 5 per cent. However, it will have to fall to 2.25 per cent before it can [illegible] bands.

The [illegible] was slightly firmer as concerns about the political unrest in the Soviet Union caused some investors to seek it as a safe haven.

However, speculation [illegible] the US will [illegible] the [illegible] week, caused some [illegible] to creep [illegible] market. The Federal Open [illegible] Committee [illegible] and is expected to announce the rate cut.

The dollar closed higher at DM1.5825 from DM1.5805, [illegible] from SFr1.3[illegible]. The yen [illegible] firmer after several days [illegible] confidence began to return to the Japanese equity market.

The mark finished lower at Y81.35 from Y81.7. Meanwhile, the dollar retreated to Y128.80 from Y129.20.

[illegible] IN NEW YORK

Dec.13	Latest	Previous Close
£ Spot	1.8155-1.8165	1.8065-1.8075
1 month	0.89-0.88pm	0.89-0.87pm
3 months	2.66-2.63pm	2.67-2.64pm
12 months	9.71-9.61pm	9.75-9.65pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Dec.13	Previous
8.30 am	91.0	90.8
9.00 am	91.0	90.9
10.00 am	91.0	90.9
11.00 am	91.0	90.9
Noon	91.1	90.9
1.00 pm	91.7	90.9
2.00 pm	91.7	90.9
3.00 pm	91.6	90.9
4.00 pm	91.5	91.0

CURRENCY MOVEMENTS

Dec 13	Bank of England Index	Morgan** Guaranty Changes %
Sterling	91.5	-20.7
U.S Dollar	62.4	-16.7
Canadian Dollar	104.3	+2.1
Austrian Schilling	110.3	+12.3
Belgian Franc	112.1	-1.5
Danish Kroner	109.2	+5.4
D-Mark	119.5	+25.8
Swiss Franc	109.9	+18.2
Dutch Guilder	115.0	+16.7
French Franc	103.4	-12.7
Lira	99.0	-19.7
Yen	140.0	+74.3

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Dec.12

CURRENCY RATES

Dec 13	Bank † rate %	Special * Drawing Rights	European † Currency Unit
Sterling	–	0.773874	0.706969
U.S Dollar	4.50	1.40226	1.28350
Canadian $	7.52	1.60124	1.46563
Austrian Sch	7.50	15.5342	14.3624
Belgian Franc	8.00	45.5033	42.0251
Danish Krone	9.50	8.59954	7.93204
D-Mark	7.50	2.20800	2.04051
Dutch Guilder	8.00	2.48779	2.29914
French Franc	10¼	7.54241	6.97070
Italian Lira	11½	1667.86	1540.07
Japanese Yen	5.00	180.892	165.700

[illegible] EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Dec 13	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	129.910	-2.78	4.35	48
Belgian Franc	42.4032	42.0251	-0.89	2.36	44
D-Mark	2.05586	2.04051	-0.75	2.21	48
Dutch Guilder	2.31643	2.29914	-0.75	2.21	37
Irish Punt	0.767417	0.765219	-0.29	1.74	13
Italian Lira	1538.24	1540.07	0.12	1.32	-5
French Franc	6.89509	6.97070	1.10	0.38	-60
Danish Krone	7.84195	7.93204	1.15	0.29	-62
Sterling	0.696904	0.706964	1.44	0.00	-59

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Dec 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8055 - 1.8210	1.8065 - 1.8175	0.89-0.80cpm	5.81	2.66-2.63pm	5.82
Canada	2.0655 - 2.0880	2.0785 - 2.0795	0.60-0.52cpm	3.23	1.60-1.55pm	3.11
[illegible]	3.2180 - 3.2450	3.2350 - 3.2450	[illegible]	0.69	[illegible]	0.69
[illegible]	58.75 - 59.40	59.10 - 59.20	[illegible]	1.12	[illegible]	0.85
Denmark	11.1085 - 11.2055	11.1825 - 11.1925	[illegible]	1.01	[illegible]	0.85
[illegible]	1.0730 - 1.0830	1.0795 - 1.0805	0.05-0.07cdis	-0.56	0.03-0.11dis	-0.22
[illegible]	2.8590 - 2.8835	2.8725 - 2.8775	[illegible]	0.78	[illegible]	0.62
[illegible]	253.15 - 256.00	255.00 - 256.00	37-84cdis	-2.84	[illegible]	-2.56
Spain	182.10 - 184.15	183.20 - 183.40	29-34cdis	-2.06	[illegible]	-2.04

Further rows of this table, and the DOLLAR SPOT - FORWARD AGAINST THE DOLLAR, EURO-CURRENCY INTEREST RATES, EXCHANGE CROSS RATES, OTHER CURRENCIES and FORWARD RATES AGAINST STERLING tables: [illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.8170	1.8082	1.7906	1.7661	1.7220
D-mark	2.8750	2.8662	2.8486	2.8241	2.7800
French Fr.	9.8200	9.7780	9.7000	9.6200	9.3440
Swiss Fr.	2.5400	2.5352	2.5254	2.5135	2.4861
Yen	234.00	233.16	231.44	228.89	223.76

FINANCIAL FUTURES AND OPTIONS

[illegible]

POUND - DOLLAR

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.8170	1.8082	1.7906	1.7661	1.7220

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls March	Calls June	Calls September	Puts March	Puts June	Puts September
106	1.37	2.18	-	0.50	-	-
107	0.78	1.57	-	0.92	-	-
108	0.41	1.10	-	-	-	-
109	0.21	0.70	-	-	-	-
Open Int.	131,400	11,544	50	[illegible]	[illegible]	100

Estimated volume 29,999 Total Open Interest 243,355

MONEY MARKETS

London rates steady

LONDON [illegible] rates [illegible] steady to slightly easier yesterday [illegible] sterling rallied against the D-Mark.

The key three month interbank [illegible] unchanged at 10⅝ per cent; six months [illegible] was off 1/16 at 10⅝-¾ [illegible] and one year [illegible] off 1/16 [illegible] 10½-⅝ per cent.

In the futures market, [illegible] was more [illegible] reaction [illegible] Mr Lamont's [illegible] no devaluation of sterling [illegible] current ERM parities.

UK clearing bank base lending rate 10.5 per [illegible] [illegible] September 4, 1991

The March short sterling contract rose to 89.88 from 89.82 on h[illegible] turnover of almost 45,000 contracts, more than twice normal volumes.

The March contract rose to 90.00 [illegible] one stage – the level at which the market is *factoring* in a ½ point cut in base rates. But later in the session it fell back as [illegible] assessed the implications [illegible] Mr Lamont's comments for the interest rate market.

Analysts said that if sterling is to be held firm in the run-up to [illegible] move [illegible] the [illegible] per cent bands, further cuts in interest rates are less likely.

In [illegible] short-term money market, the Bank [illegible] England forecast another large liquidity shortage of £1.2bn. Bills [illegible] repurchase by [illegible] repurchases [illegible] Treasury bills boosted the shortage. The forecast shortage was later revised to £1.15bn before being revised back to £1.2bn again.

In early operations the Bank purchased [illegible] bills for [illegible] the [illegible]. It [illegible] bought a further £262m of bank bills.

During [illegible] afternoon, the Bank bought £188m of Treasury and bank bills. Finally late assistance [illegible] £290m was provided.

In Germany call money [illegible] continued [illegible] speculation [illegible] in interest [illegible] council meeting began [illegible] diminish.

[illegible] were also [illegible] by the high levels of reserves held by commercial banks at the Bundesbank. Call money fell to [illegible] per cent from [illegible] per cent.

Liquidity [illegible] to [illegible] to [illegible] payments [illegible] next week. Reserves [illegible] the Bundesbank rose to DM83.9bn from DM80.2bn on Tuesday.

In the US the Federal [illegible] refrained from open market operations. Federal funds traded at 4⅛ per cent, the [illegible] presumed target.

US dealers continued to speculate [illegible] the Fed will cut the discount rate next week at its [illegible] market committee meeting on Tuesday.

FT LONDON INTERBANK FIXING

(11.00 a.m. [illegible]) [illegible]		[illegible] US Dollars	
bid 4⅞	offer 4⅞	bid 4⅞	offer 4⅞

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Lunchtime		Treasury Bills and Bonds			
Prime rate	7½	One month	3.93	Three year	5.42
Broker loan rate	6½	Two month	4.52	Four year	5.51
Fed funds	4⅞	Three month	4.28	Five year	6.27
Fed.funds at intervention	-	Six month	4.30	Seven year	6.73
		One year	4.41	10-year	7.19
		Two year	5.06	30-year	7.75

Dec.13	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.95-9.05	9.30-9.50	9.30-9.50	9.30-9.50	9.30-9.50	9.25
Paris	9⅝-9¾	9⅝-9¾	9⅝-9¾	9[illegible]	9⅝-9¾	9.25
Zurich	6⅝-6⅞	8[illegible]-8⅝	-	8-8¼	-	-
Amsterdam	9.50-9.60	9.65-9.75	-	9.56-9.66	-	-
Tokyo	6⅞-6⅜	6[illegible]-6[illegible]	-	5[illegible]-6	-	-
Milan	11⅞-12⅛	12[illegible]-13	-	12⅛-12⅜	-	-
Brussels	9.25-9.38	9⅝-9[illegible]	-	9⅝-9[illegible]	-	-
Dublin	9⅞-10	10[illegible]-10[illegible]	10[illegible]-10[illegible]	10⅛-10¼	10⅛-10¼	-

LONDON MONEY RATES

Dec 13	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	11	10¾	10¾	10¾	10[illegible]	10[illegible]
Interbank Bid	10⅛	10½	10⅝	10⅝	10[illegible]	10[illegible]
Sterling CDs	–	–	10[illegible]	10⅝	10⅝	10⅝
Local Authority Deps.	10⅝	10½	10[illegible]	10⅝	10⅝	10⅝
Local Authority Bonds	–	–	–	–	–	–
Discount Mkt Deps	10¾	10[illegible]	–	–	–	–
Company Deposits	–	–	10[illegible]	10[illegible]	10[illegible]	10[illegible]
Finance House Deposits	–	–	10[illegible]	10[illegible]	10⅝	10⅝
Treasury Bills (Buy)	–	–	10[illegible]	10⅛	9[illegible]	–
Bank Bills (Buy)	–	–	10[illegible]	10⅛	9¾	–
Fine Trade Bills (Buy)	–	–	–	–	–	–
Dollar CDs	–	–	4.85	4.82	4.47	4.57
SDR Linked Dep. Offer	–	–	7[illegible]	7[illegible]	7	7
SDR Linked Dep. Bid	–	–	6[illegible]	6[illegible]	6¾	6¾
ECU Linked Dep. Offer	–	–	10[illegible]	10[illegible]	10¼	10¼
ECU Linked Dep. Bid	–	–	10[illegible]	10[illegible]	10¼	10¼

Treasury Bills (sell); one-month 10[illegible] per cent; three months 10 per cent; six months 9[illegible] per cent; Bank Bills (sell): one-month 10[illegible] per cent; three months 10[illegible] per cent; Treasury Bills; Average tender rate of discount 9.9803 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day November 29, 1991. Agreed rates for period Dec.25, 1991 to January 25, 1992. Scheme E 11.74 p.c., Schemes II & III: 11.75 p.c. Reference rate for period November 1, 1991 to November 29, 1991. Scheme IV&V: 10.513 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from December 1, 1991; Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5, 1991, Deposits withdrawn for cash 5 per cent.

BANK RETURN

BANKING DEPARTMENT	Wednesday December 11 1991		[illegible] or decrease for week
LIABILITIES	£		£
Capital	[illegible]		
Public Deposits	99,845,479	-	4,844,387
Bankers Deposits	1,775,615,777	+	89,150,027
Reserve and other Accounts	4,305,892,152	+	786,589,373
	6,198,906,408	+	870,795,003
ASSETS			
Government Securities	1,397,281,528	+	[illegible]
Advance and other Accounts	2,348,165,227	+	[illegible]
Premises Equipment & other Secs	[illegible]	+	466[illegible]
Notes	12,937,318	+	[illegible]
Coin	185,319	-	[illegible]
	6,198,906,408	+	[illegible]
ISSUE DEPARTMENT			
[illegible]			
Notes in circulation	[illegible]	+	173,887,155
Notes in Banking Department	12,937,316	+	6,112,845
	16,620,000,000	+	180,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	12,395,310,452	+	142,064,975
Other Securities	4,213,674,448	+	37,935,025
	16,620,000,000	+	180,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk.	[illegible]
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	[illegible]
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc	14	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptns.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Beneharzk Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk.	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & [illegible] Houses Association.

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Money Market Trust Funds

Money Market Bank Accounts

[illegible]

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For the six months from 16th December 1991 to 15th June 1992 inclusive the Notes will [illegible] an interest rate of 4¾% per annum.
The relevant interest payment date will be 16th June 1992.
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LONDON STOCK EXCHANGE: Dealings

Details of [illegible] done shown [illegible] been [illegible] consent from last Thursday's Stock Exchange Official List and should [illegible] be reproduced without permission.

Details [illegible] to those securities [illegible] included in [illegible] *FT* [illegible] Information [illegible]

Unless [illegible] prices are in pence. The prices [illegible] those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through [illegible] Talisman system, *they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.*

For those securities in [illegible] no [illegible] was [illegible] in Thursday's [illegible] List the latest recorded [illegible] in the four previous days is given with the relevant date.

Rule 535(2) and Third Market [illegible] regulated by the International [illegible] Exchange of the United Kingdom and the Republic [illegible] Ireland Ltd.

‡ Bargains [illegible] special prices. [illegible] *Bargains* [illegible] *previous day.*

British Funds, etc
[illegible] of [illegible] included 1774

Exchequer 10½% Stk 2005 – £107⅞
Guaranteed Export Finance Corp PLC [illegible] Gtd Nts 1994 (Br – £102¾
[illegible] Gtd Ln Stk 2002(Reg) – £116 [illegible])

Corporation and County Stocks
No. of bargains included nil

Greater London Council 6¾% Stk 90/92 – [illegible] (11De91)
Birmingham District Council 11½% Red Stk 2012 – £104⊕
Leeds(City of) [illegible] Red Stk 2006 – £115¾ (9De91)
Liverpool Corp 2½% Red Stk 1925(or after) – £22 (6De91)
Manchester(City of) 11.5% Red Stk 2007 – [illegible] (9De91)
Manchester Corp 1891 3% Red Stk 1941(or after) – £25 (10De91)

UK Public Boards
[illegible] of bargains included 2

Agricultural Mortgage Corp PLC 7½% Deb Stk 91/93 – £93¾
Port of London Authority 3½% Stk 49/99 – £62 (9De91)

Commonwealth–Government
[illegible] of bargains included nil

Jersey Electricity Co Ld 8% Gtd Stk 2000 – £94 [illegible])

Foreign [illegible], Bonds, etc–(coupons payable in London)
No. of bargains included 75

Hungary [illegible] of) 7½% Stg Bds(Assd Lon [illegible] £40
Ireland(Republic [illegible] Stk 91/96 – [illegible] (10De91)
Abbey [illegible] PLC 11¾% Nts 1995 (Br£1000,10000&100000) – £101⅛ (9De91)
Allied-Lyons PLC 10¾% Bds 1999(Br£5000&100000) – [illegible]
Argyll Group PLC 4¾% Cnv Bds 2002 – £117
Asda Finance Ld 10¾% Cnv Cap Bds2005(Br £5000&100000) – £70

[illegible]

Gtd Bds 2001 – [illegible] (11De91)
[illegible] NV 5¾% Gtd Red Cnv Prf 2004 (Br£5000) – £117½
THORN EMI PLC 7¾% Bds 1992 with warrants – £205½ 9 (10De91)
Tokyo Electric Power Co Inc 11% Nts 2001 (Br £1000,10000 & 100000) – £103¾ [illegible]
United Kingdom 9¾% Bds 2001(Br ECU1000,10000&100000) – EC102.75
United Newspapers Capital Ld 6% Gtd Exch Prf Shs – £113½⊕
Woolwich Building Society 10¾% Nts 1998 – £99¾ (11De91)
11[illegible] Nts 2001 – [illegible]

Sterling [illegible] by [illegible] Borrowers
No. of bargains included 22

Asian Development Bank 10¾% Ln Stk 2009(Reg) – £100⅝ (10De91)
Bank of Greece 10¾% Ln Stk 2010(Reg) – £90 (11De91)
10¾% Ln [illegible] – £90 (11De91)
Caisse Centrale [illegible] Econ 12¾% Gtd Ln [illegible] – [illegible])
Credit Foncier De France 10¾%GtdSerLnStk2011,12,13,14(Reg) – £101⅛ (11De91)
14¾% Gtd Ln Stk 2007(Reg) – £134
Denmark(Kingdom of) 13% Ln [illegible] – £117 (9De91)
Electricite de France 12¾% Gtd Ln Stk [illegible] – £119
European Investment Bank 9% Ln Stk 2001 (Reg) – £93⅞ (10De91)
[illegible] Ln Stk 2009 – £95¾
10¾% Ln Stk 2004(Reg) – £102⅞ [illegible]
11% Ln Stk 2002(Reg) – £[illegible]
Hydro-Quebec 12.75% Ln Stk 2015 – £115
15% Ln Stk 2011 – £130⅞ 1⅛
[illegible] Ld 15¾% Uns Ln Stk 2008 $ Rep Opt – £120 (11De91)
Inter-American Development Bank 9¾% Ln [illegible] 2015 – [illegible]
International Bank for Rec & Dev 11.5% Ln Stk 2003 – £10[illegible]
Malaysia 10¾% Ln Stk 2009(Reg) – [illegible]
10¾% Ln Stk 2009(Br) – £95⅞ (10De91)
New Zealand 7¾% Stk 88/92 – [illegible]
[illegible] Stk [illegible] (11De91)
Nova Scotia(Province of) 16¾% Ln Stk 2011 – £144¾ ⅞

[illegible]

Put Wts (Srs M) Rlg FTSE 100 30/3/93 – £1.86 1.88 1.91
Put Wts (Srs N) Rlg FTSE 100 30/3/93 – £1.45 1.49
Put Wts (Srs O) Rlg FTSE 100 30/3/93 – £1.17 1.2 (11De91)
Put Wts (Srs D) Rlg DAX Index 16/3/93 – DM107 (9De91)
Citibank N.A.A Put Wts Rel to DAX Index [illegible] – DM3.86 (9De91)
[illegible] Gold Warrants 7/1/93 – $17.45 (9De91)

USM Appendix
No. of bargains [illegible]74

BLP Group PLC Ord 50p – 50 (11De91)
Beckenham Group PLC 9% Red Cum Non-Vtg Prf £1 – 52 3 (11De91)
Bedford(William) PLC Ord 5p – 25 (9De91)
Bechtold [illegible] PLC Ord 50p – 75
CMW Group PLC Ord 5p – 70 (10De91)
Chemex International PLC Ord 5p – 4 (9De91)
Cooper Clarke Group PLC Ord 10p – 17
ET Group PLC Ord 5p – 14 (9De91)
Ferepak PLC Ord 10p – 235
Gibbs Mew PLC Ord 25p – 12[illegible] (9De91)
Great Southern Group PLC 8.75p Cum Cnv Red Prf 5p – 92 (9De91)
Midland & Scottish Resources PLC Ord 10p – 37 8
Porth Group PLC Ord 20p – 14 (10De91)
Sheldon Jones PLC Ord 25p – 87 (10De91)
Simpsons of Cornhill PLC Ord 5p – 28 36
Total Systems PLC Ord 5p – 30
URS International Inc Shs of Com Stk $0.01 – 0½ (9De91)
Union Square PLC Ord 1p – 4½ (9De91)
Wharfedale PLC Ord 5p – 12[illegible] 3 4 ¼ ½ 5 ½ 6
Wyevale Garden Centres PLC 8.5% (Net) Cnv Cum Red Prf £1 – 160 (11De91)

Rule 535(2)
No. of bargains included 30

African Gold PLC Ord 1p – $0.06 0.08 0.085
Alpham PLC Ord £1 – £1.1 (10De91)
All England Lawn Tennis Ground Ld Deb 91/95 £2000 – £16500 (10De91)
Ann Street Breweries Co Ld Ord £1 – £4 (9De91)
Arsenal Football Club PLC Ord £1 – £300
Asset Global Funds Asset International Bond Fund Ld – $0.8721 (9De91)

[illegible]

[illegible] 29/9/92 – $0.225 0.235
C[illegible] FT-SE 100 Index [illegible]
Put Wts (Srs D) Rlg FTSE 100 29/9/92 – £1.34 1.39 (11De91)
Put Wts (Srs E) Rlg FTSE 100 29/9/92 – £1.08 (11De91)
Put Wts (Srs F) Rlg FTSE 100 29/9/92 – £0.7 (10De91)
Put Wts (Srs G) Rlg [illegible] 100 [illegible] – £0.48 0½ (9De91)

[illegible]

Harland [illegible] 12.3769
Leighton [illegible] A$1.2758 (9/12)
Nimala [illegible] A$2.5 (9/12)
No[illegible] Mines A$3.02
O[illegible] .722 (11/12)
[illegible] Mining R78 (11/[illegible])
Petroleum Securities [illegible] (6/12)
Portman Mining [illegible] (11/12)
Regal Hotels [illegible] HK$0.72,0.78 (10/12)
Singapore Land [illegible]

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LONDON STOCK EXCHANGE

Equities end busy week on high note

By Stephen Thompson

THE UK equity market ended an action-packed week with share prices pushing sharply higher across a broad front as big gains [illegible] the world's most influential markets, Wall Street and Tokyo, [illegible] the London market.

The Footsie 100-share index sped [illegible] to close a net 28.1 higher at 2,451.4, for a two-day rise of 71.4. [illegible] the week the [illegible] has risen 62.9.

A strong performance by sterling after comments [illegible] entry of sterling into the narrow band of the European Community's Exchange Rate Mechanism by Mr Norman Lamont, the Chancellor of the Exchequer, helped long-dated gilts improve by almost a point.

Even news of [illegible] first monthly rise in UK inflation for 15 [illegible] by a market seemingly keener to [illegible] on the [illegible] news than the bad.

Account Dealing Dates		
First Dealings:		
Nov 25	Dec 9	[illegible]
Option Declarations:		
Dec 5	Dec 23	Jan 9
Last Dealings:		
Dec 6	Dec 27	Jan 10
Account Day:		
Dec 16	Jan 6	Jan 20

*New-time dealings may take place from 8.30 am two business days earlier.

Adding to the growing bullishness of the equity market was the aftermath of the Maastricht meeting, widely viewed in London as a triumph for Mr John Major, the UK Prime Minister, and seen as strongly enhancing the chances of the ruling Conservative Government being re-elected.

There was a welcome increase in the level of [illegible] in equities [illegible] Thursday evening's hints of stakebuilding in Racal Electronics was [illegible] when [illegible] Warburg Securities [illegible] to snap up a [illegible] stake in the electronics group on behalf of bidder Williams Holdings. Turnover of [illegible] than [illegible] shares [illegible] just [illegible] a quarter of the market's total of 770.4m shares.

The overnight gains on Wall Street and Tokyo, with the latter posting its eighth biggest rise in a single session, ensured [illegible] strong opening in London. Marketmakers, already suffering from Thursday's belated market reaction to the Maastricht accord, [illegible] their quotations in the face of a flurry of sizeable institutional buying interest.

Intermittent [illegible] of profit-taking were easily [illegible] by eager buyers and marketmakers anxious to replenish depleted books, and the market moved into the afternoon in confident form. The 20-points-plus opening on Wall Street gave no cause for concern and London, up 36 Footsie points at best just prior [illegible] the [illegible] of trading [illegible] the US, ended the day on [illegible] healthy note.

The [illegible] of marketmaking [illegible] a London [illegible] took the view that the Footsie could easily push through the 2,500 level short term.

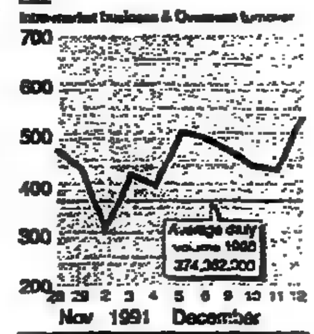
BT "new", which made a rather [illegible]auspicious market debut this week, perked up to close at 127p, having slipped to a low point of 122¼p on Wednesday.

● Retail, [illegible] business in equities improved strongly following the apparent success of [illegible] meeting

London SE volume

Turnover by volume (million)

Excl. intra-market business & Overseas turnover



Nov 1991 December

Williams buys more Racal

TURNOVER in [illegible] Electronics suddenly leapt after securities house S.G. Warburg swept through the market to pick up stock for Racal's predator Williams Holdings.

Warburg [illegible] started [illegible] acquire [illegible] overnight through the inter-dealer broker network. It then moved, in early trading, to offer a number of institutions 57p a share for Racal stock [illegible] bought 99.5m [illegible] in [illegible] process. The purchase took Williams' [illegible] 10 per [illegible] by the end of the spree, [illegible] level that can be purchased in the market by the predator under takeover rules. Turnover included 2.48m shares bought by the company's executives, picked [illegible] 50 [illegible] 58p.

[illegible] shares firmed 4 to 56p [illegible] to [illegible] unchanged at 51p.

[illegible] fears that [illegible] Racal escaped from Williams' clutches the Racal share price would become depressed. However, other strategists took yesterday's purchase [illegible] be [illegible] shrewd move on the part of the predator.

Mr [illegible] Sykes [illegible] Lyonnais, said: "My money is on Racal remaining independent."

Mr Tim Hurst at Lehman Brothers dismissed the Williams move as "not significant" and added: "they will need a big swing in sentiment to succeed in this bid [illegible] think they will [illegible] it". Williams closed 1¼ at 311p on volume of 1.9m.

SmithKline up again

Pharmaceutical group SmithKline Beecham [illegible] sharply in early trading ahead of a meeting yesterday after[illegible] with [illegible] US Food and Drug Administration (FDA) [illegible] SmithKline's Relifex anti-arthritic drug. The shares gained 18 at 858p on turnover of 2.4m.

It [illegible] hoped that the meeting [illegible] the FDA and SmithKline will lead to approval of the drug within a few months.

Mr James Culverwell of securities house Hoare Govett said: "We have been waiting for more than five years for this day. It could be a useful drug within a $4bn market. We estimate that it could be worth between $200m and $300m a year in the US in a few years."

Approval would make the drug – to be called [illegible] in the US – the first for SmithKline in the US since the merger between Beecham and SmithKline Beckman in 1989.

Guardian losses

Insurance group Guardian Royal Exchange suffered in early trading after securities house Smith New Court increased its forecast of the company's 1991 losses to £250m from £170m.

The broker issued [illegible] "heavy sell" [illegible] that [illegible] dividend to 8p after previously forecasting a [illegible] 11.9p per share.

Smiths [illegible] will have to increase its provisions [illegible] employer liability insurance by £25m this year [illegible] further £20m [illegible]. It [illegible] in a further [illegible] for mortgage indemnity losses.

However, [illegible] contacted a number of insurance analysts [illegible] them [illegible] liability [illegible] "nothing like" [illegible] £45m predicted [illegible] the group was not as seriously exposed to mortgage indemnity as its competitors. Guardian recovered from a fall of 6 to close only [illegible] penny off at 125p on turnover of 4.9m.

Food [illegible] Tesco bucked [illegible] trend of [illegible] market and sector to lose 7 to 225p. The [illegible] by [illegible] downgrades and rumours of downgrades. Charterhouse Tilney shaved £5m from its 1991-2 profits forecast to £535m, with a further £30m from the year after at £630m. Turnover in the shares was a good 6.6m.

[illegible] rumour that James Capel had [illegible]. Analyst [illegible] Frank Davidson [illegible] the talk but said he remained bearish on the stock and was likely to reconsider his forecasts after talking to the group early next [illegible].

A strong Wall Street helped internationally [illegible] yesterday. Tightly traded Wellcome was 17½ better [illegible] 951p. ICI saw [illegible] buying in London and closed 28 better [illegible] 1164p. [illegible], which published its annual report yesterday, lifted 3½ to 194p.

A debate in the US on bronchodilators for treating asthma, sparked [illegible] spate [illegible] Glaxo, which [illegible] treatments, Ventolin and Serevent. The shares had risen 15p on [illegible] emanating [illegible] the group's research and development [illegible] in the [illegible]. However the gains were reversed in the [illegible] and the stock slid back to close a net [illegible] off at 803p on turnover of [illegible].

A sharp cut in profit estimates ensured that BTR lost earlier strength. Agency broker [illegible] Capel [illegible] its forecast for full-year profits by [illegible]. The broker cites continuing problems within the construction industry and a weakening US economy for its new [illegible]. The shares saw an early gain of 8 eliminated and eventually they closed a net 7 lower at 384p; turnover reached 7.2m shares.

The oil majors were among the [illegible] performers, responding [illegible] a good rally in crude oil prices and a recent bullish note issued by Kleinwort Benson which highlighted the yield and the view that the stock had [illegible]. BP moved up 9½ to 297½p on [illegible] turnover of 6.2m.

Shell also gave a good performance, closing 8 higher at 483p on 2.4m shares. British Gas, however, paused [illegible] after the bout of outperformance which has seen the stock outpace the market by 8.5 per cent over the past four months. Gas shares have been strongly supported [illegible] after buy recommendations [illegible] by, among others, [illegible] Turnbull and BZW.

The [illegible] takeover battle moved into its final [illegible] with [illegible] number of influ[illegible] broking houses, [illegible] them Hoare Govett, Shearson Lehman, Kleinwort Benson, UBS Phillips & Drew and Daiwa, recommending their clients to accept the Lasmo bid.

Other specialists pointed to good gains in other exploration and production stocks, which they said was an indication that there would not be a flood of Lasmo paper into the market and that therefore the odds were on the bid failing. Clyde moved up 8½ to 79p, Enterprise 12 to 489p. Lasmo edged up 5 to 253p and Ultramar eased a penny to 256p.

Buy recommendations for leisure stocks have begun to drift into the market over the past week and lifted the sector again yesterday. Granada Group rose 7½ to 180p on the back of sentiment and Thursday's upgrade from Nomura.

Hotel group Stakis rose 4½ to 34½p as the stock firmed after a recent large placing. The group also described as "utterly unfounded and misleading" rumours of a large tax bill.

Paper and packaging group David S. Smith fell 15 to 299p after announcing the placing of approximately 35.3m new ordinary shares to raise £95.1m.

Enthusiasm over the outcome of the Maastricht summit and a feeling that the Conservative party chances of winning the general election have improved, encouraged buyers of high-yield defensive stocks. A stock overhang coupled with a profits downgrading left British Aerospace 3 lighter at 339p. Nikko cut its current year forecast by £52m to £200m citing lower expectations from the Rover car division.

[illegible] of a recovery in the [illegible] year [illegible] components manufacturer GKN. The shares rose [illegible] to 303p.

A buy recommendation from [illegible] New Court [illegible] 6½ to 194½p.

MARKET REPORTERS:
Peter John, Joel Kibazo, Christopher Price, Steve Thomson.

■ Other [illegible] statistics, including the FT-Actuaries [illegible] and London [illegible] Options, Page 9.

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (36). BRITISH FUNDS (1) Conv. 9pc 2011 ... [illegible] ... (1) B'ham 11½pc 2012, Met. Wtr. ... [illegible] ... Medicon Suites ... 2006, BREWERS & DISTILLERS (1) Bulmer (HP), ... BUSINESS SERVICES (1) Warner Howard, CONTRACTING & CONSTRUCTION (1) [illegible] ... [illegible] ... Foods, Unilever, Do. NV, HEALTH & HOUSEHOLD (5) Amersham Intl., SmKl. Beecham A, Do. Equity Units, Wellcome, HOTELS & LEISURE (1) [illegible] 7.6p Prf., INVESTMENT TRUSTS (2) [illegible] Murray Ent., METAL & METAL FORMING (1) [illegible], OIL & GAS (1) Ramco, PACKAGING, PAPER & PRINTING (1) De La Rue, TELEPHONE NETWORKS (1) Telefonica, TRANSPORT (2) BAA, Brit. Airways, [illegible]. NEW LOWS [illegible] (2) [illegible] Verity.

[illegible] (4) Can. Pacific, ECO, Gulf [illegible] Imperial Oil, Nova Corp of Alberta, [illegible], CONGLOMERATES (1) Eneor, CONTRACTING & CONSTRUCTION (1) Birse, ELECTRICALS (1) Ericsson (LM), ELECTRONICS (1) Sema, ENGINEERING AEROSPACE (1) Dowty, ENGINEERING GENERAL (3) Fenrum, Ransomes, Willaire, FOOD MANUFACTURING (1) Linton Park, HEALTH & HOUSEHOLD (1) Western [illegible], INSURANCE COMPOSITE (3) GRE, Toppenmark, MEDIA (2) Lopex, TV-am, METAL & METAL FORMING (2) Garton Eng., [illegible] MISCELLANEOUS (3) Novalal, [illegible] Brabant Res., Presidio Oil A, Sceptre Res., OTHER FINANCIAL (6) First Natl. Fin., Gerrard & Natl., JF Asia Select, JF Indonesia, Japan OTC, Japanese Wrnts. Fd., Do. Wrrnts., Robeco, Union Discount, PROPERTY (8) Anglo St James, [illegible], Dwyer, Haromerson A, [illegible], Rosehaugh, Scot. [illegible], TEXTILES (1) [illegible], [illegible] (4) Northgate Explo., Plateau Mng., Sons Gwalia, [illegible].

RISES AND FALLS YESTERDAY

	On Friday Rises	Falls	[illegible]	On the week [illegible]	[illegible]	[illegible]
British Funds	[illegible]	0	4	264	61	83
Other Fixed Interest	13	0	6	38	15	42
Commercial, Industrial	405	[illegible]	925	1,454	1,200	4,619
Financial & Property	243	76	[illegible]	[illegible]	631	[illegible]
Oil & Gas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Plantations	0	0	10	0	1	49
Mines	12	65	75	107	226	427
Others	66	[illegible]	41	177	221	[illegible]
Totals	835	360	1,576	2,780	2,459	8,610

FINANCIAL TIMES STOCK INDICES

	Dec 13	Dec 12	Dec 11	Dec 10	Dec 9	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	87.38	[illegible]	[illegible]	[illegible]	86.85	[illegible]	[illegible]	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.39	97.12	97.00	96.78	96.67	[illegible]	97.39 (13/12)	90.59 (2/1)	105.4 (28/11/47)	[illegible] (3/1/75)
Ordinary Share●	[illegible]	[illegible]	[illegible]	[illegible]	1830.0	1701.2	2105.3 (2/9)	[illegible] (16/1)	[illegible] (2/9/91)	[illegible]
Gold Mines	152.1	[illegible]	[illegible]	169.7	168.5	138.8	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2451.6	[illegible]	[illegible]	2392.0	[illegible]	2168.4	[illegible]	2054.8 (16/1)	[illegible]	986.9 (23/7/84)
FT-SE Eurotrack 200	1106.13	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible] (3/9)	938.62 (16/1)	[illegible] (3/9/91)	938.62 (16/1/91)
Ord. Div. Yield	[illegible]	[illegible]	5.08	5.08	[illegible]	5.85				
●Earning Yld %(full)	7.43	7.49	7.61	7.58	7.53	11.79				
●P/E Ratio(Net)(☆)	[illegible]	[illegible]	16.52	16.58	[illegible]	[illegible]				
SEAQ Bargns 4.45pm	27,924	22,819	[illegible]	[illegible]	[illegible]	[illegible]				
Equity Turnover(£m)†	-	1113.54	[illegible]	[illegible]	814.72	[illegible]				
Equity Bargains†	-	22,235	[illegible]	[illegible]	[illegible]	[illegible]				
Shares Traded (ml)†	-	[illegible]	[illegible]	[illegible]	472.7	[illegible]				

Basis 100 Govt. Secs 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. Basis 1000 FT-SE 100 [illegible] ‖ FT-SE Eurotrack 200 26/10/90. ☆ Nil 15.97

Ordinary Share Index, Hourly changes — Day's High 1874.6 — Day's [illegible]

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1871.0	1869.8	1872.6	1861.0	1863.5	1868.1	1868.2	1863.8	1864.8

FT-SE 100, Hourly changes — Day's High [illegible] — Day's Low 2443.1

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2448.7	2449.8	2454.9	2447.8	2448.8	2457.0	2458.0	2452.0	2451.3

FT-SE Eurotrack 200, Hourly changes — Day's High 1110.26 — Day's Low 1101.37

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1104.45	1105.76	1103.20	1103.35	1109.07	1110.19	1105.82

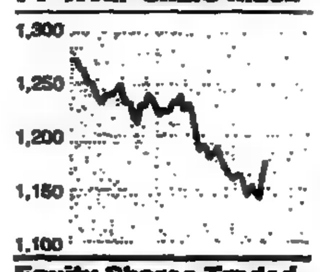
GILT EDGED ACTIVITY

[illegible]	Dec 12	Dec 11
Gilt Edged Bargains	80.8	[illegible]
5 – Day average	81.5	81.6

*SE Activity 1974.
†Excluding intra-market [illegible]

London report and latest Share index: Tel. [illegible] 123001

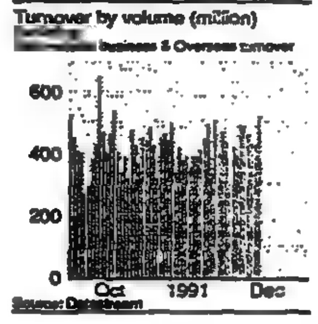
FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)

[illegible] business & Overseas turnover



Source: Datastream

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
[illegible]	280	297	+2
ASDA Group	11,000	32	-2
Abbey National	1,600	288	-5
Albert Fisher	7,100	70	+1
Allied-Lyons	1,000	[illegible]	+9
Amstrad	2,100	[illegible]	+1½
Anglian Water	[illegible]	[illegible]	+6
Argos	[illegible]	275	-1
Argyll Group	[illegible]	280	+7
Arjo Wiggins	[illegible]	[illegible]	+1
Ass Brit Foods	[illegible]	[illegible]	+2
BAA	1,400	520	+6
BAT Inds	1,600	820	+16
BET	2,600	306	-4
BICC	[illegible]	327	+3
BOC	962	[illegible]	+4
BPB Inds	1,700	[illegible]	-3
BTR	7,200	384	-7
Bank of Scotland	2,300	113	+3
Barclays	4,800	371	+15
Bass	[illegible]	[illegible]	+20
Beresford Int.	[illegible]	[illegible]	-½
Blue Circle	1,000	231	-4
Booker	312	441	+4
Boots	2,300	433	+3
[illegible]	30	662	+4
British Aerospace	2,300	386	-3
British Airways	[illegible]	[illegible]	[illegible]
British Gas	[illegible]	234	
British Land	[illegible]	271	-4
BP	6,200	297½	+9½
British Steel	3,700	70½	+2
British Telecom	[illegible]	330½	
Br Telecom New	20,000	127	+1½
Bunzl	867	[illegible]	+4
Burmah Castrol	[illegible]	[illegible]	+5
Burton	[illegible]	[illegible]	+1
Cable & Wire	[illegible]	575	+13
Cadbury Schweppes	[illegible]	[illegible]	
Calor Group	[illegible]	[illegible]	+4
Carlton Comms	[illegible]	[illegible]	+8
Coats Viyella	1,500	169	-3
Comm. Union	231	485	

	Volume 000's	Closing Price	Day's change
Cookson	1,100	[illegible]	-1
Courtaulds	1,100	[illegible]	+2
Dalgety	298	[illegible]	+1
De La Rue	470	[illegible]	+10
Dixons	1,700	220	-5
ECC Group	1,300	487	+17
Eastern Elec.	1,900	220	+7
East Midland Elec.	629	254	+8
Enterprise Oil	2,400	489	+12
Eurotunnel Units	848	[illegible]	+14
FKI	1,800	[illegible]	-1
Ferranti	3,800	8	+¼
Fisons	6,400	346	+11
Forte	1,300	229	+6
Gen. Accident	155	499	
General Elec.	8,100	194½	+6½
Glaxo	3,200	860	-8
Glynwed Int.	315	[illegible]	+1
[illegible]	2,000	[illegible]	-7½
[illegible] Met.	1,300	[illegible]	
GUS A	[illegible]	[illegible]	-35
GRE	[illegible]	125	-1
GKN	[illegible]	303	+12
Guinness	[illegible]	[illegible]	+½
[illegible] "A"	97	[illegible]	-5
Hanson	6,700	194	+3½
Hanson Warrants	1,500	16	+¼
Harrisons Crosfield	[illegible]	[illegible]	-1
Hawker Sidd	[illegible]	[illegible]	-4
[illegible]	3,800	176	+4
IMI	[illegible]	216	+3
ICI	[illegible]	1164	+22
Inchcape	[illegible]	[illegible]	-7
[illegible]	[illegible]	515	+4
[illegible]	5,300	228	+7
Land Securities	870	471	-6
Laporte	584	517	+4
Legal & General	3,100	[illegible]	+11
Lloyds Abbey	640	[illegible]	+2
Lloyds Bank	2,200	371	+15
LASMO	1,800	253	+5
London Elec.	877	285	+8
Lonrho	2,200	[illegible]	+6

	Volume 000's	Closing Price	Day's change
Lucas	825	[illegible]	+5
MB Caradon	[illegible]	238	+4
MEPC	[illegible]	411	-6
Manweb	[illegible]	332	+16
Marks & Spencer	[illegible]	[illegible]	+7
Midland Bank	[illegible]	[illegible]	+11
Midlands Elec.	810	[illegible]	+14
NFC	1,000	[illegible]	+3
NatWest Bank	3,000	[illegible]	+11
National Power	8,400	152	+2
Next	[illegible]	57	+1
North West Water	[illegible]	[illegible]	+8
Northern Elec.	271	[illegible]	+7
Northern Foods	389	[illegible]	-1
Norweb	600	[illegible]	+5
Pearson	207	708	+8
P & O	1,400	488	+6
Pilkington	2,700	[illegible]	+3
PowerGen	3,200	[illegible]	+3
Prudential	4,500	233	[illegible]
RHM	1,800	249	+3
RMC	264	627	+4
RTZ	[illegible]	500	+12
Racal	[illegible]	51	
[illegible]	717	578	+4
Reckitt & Colman	617	634	+1
Redland	1,100	442	+10
[illegible]	[illegible]	487	+13
[illegible]	[illegible]	365	
Reuters	1,400	807	+3
[illegible]	[illegible]	125	+2
[illegible]	[illegible]	1034	-7
Ryl Bk Scotland	3,300	159	+2
Royal Insurance	1,600	[illegible]	-6
Saatchi	3,600	[illegible]	
Sainsbury	2,400	364	+6
Scottish & New	1,100	414	+9
Scot. Hydro-Elect.	1,300	107	+4
Scottish Power	6,800	[illegible]	+2
Sears	7,300	[illegible]	+2½
Sedgwick	864	[illegible]	-1
Seeboard	127	275	+4
[illegible] Water	1,800	325	+8

	Volume 000's	Closing Price	Day's change
Shell Transport	2,400	483	+8
Siebe	[illegible]	[illegible]	+5
Slough Ests	[illegible]	[illegible]	+2
Smith (W.H.) A	[illegible]	[illegible]	+4
Smith & Nephew	544	132½	+2½
SmKl Beecham	2,400	853	+18
SmKl Beecham Uts.	298	[illegible]	+42
Smiths Inds.	[illegible]	[illegible]	-1
Southern Elec.	[illegible]	273	+8
[illegible]	322	312	+10
South West Water	285	[illegible]	+8
South West. Elec.	375	[illegible]	-4
[illegible]	[illegible]	[illegible]	-5
[illegible]	[illegible]	[illegible]	+10
[illegible]	[illegible]	98	+1
Sun Alliance	[illegible]	298	-7
T&N	[illegible]	107	+5
TI Group	232	[illegible]	+10
TSB	5,500	122	+3
Tarmac	[illegible]	130	+1
Tate & Lyle	[illegible]	[illegible]	+4
Taylor Woodrow	[illegible]	[illegible]	-3
Tesco	6,800	225	-1
[illegible]	1,000	247	+9
[illegible]	423	788	+1
Tomkins	631	412	+3
Trafalgar House	708	[illegible]	-8
Ultramar	2,300	[illegible]	-1
Unigate	72	376	-1
Unilever	1,400	[illegible]	-3
United Biscuits	502	[illegible]	+4
Utd. Newspapers	378	347	+3
Vodafone	1,600	364½	-2½
Warburg (SG)	68	[illegible]	+1
Wellcome	2,100	951	+17½
Welsh Water	647	[illegible]	+10
Wessex Water	250	[illegible]	
[illegible]	2,400	422	+8
Williams Hldgs.	1,900	[illegible]	+1½
Willis Corroon	489	[illegible]	+1
Wimpey	392	[illegible]	-2
Yorkshire Elec.	1,000	322	+19
Yorkshire Water	1,100	374	+12

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday [illegible]. Trades of one million or [illegible] down.

EQUITY FUTURES AND OPTIONS TRADING

THE [illegible] advance in [illegible] during Thursday's [illegible] continued yesterday, boosted by comments from the UK chancellor ruling out a devaluation of sterling, writes Joel Kibazo.

Trading in December [illegible] firm from the [illegible] about the UK [illegible] political outlook continued, sending the [illegible] to a high premi[illegible] of 20 to [illegible].

Dealers repeated profit-taking at [illegible] the comments [illegible] strong performance on the [illegible] and a [illegible] Wall [illegible] racing forward [illegible]. December eventually [illegible] 3475 up 36 [illegible] the previous [illegible] and some 21 points above [illegible] fair value.

Dealers however speculated that the strong performance of the past two days was unlikely to be maintained.

In [illegible] traded options market [illegible] 25,757 [illegible] the 28,176 [illegible] during Thursday's trading.

[illegible] Smith New Court yesterday [illegible] busiest [illegible] option. It [illegible] 1,683. [illegible] was [illegible] by Scottish Power with [illegible] day's total of [illegible] lots. Cable [illegible] Wireless [illegible] the third [illegible] option trading 1157 [illegible] tish & [illegible], British Gas and P [illegible] O were also busy.

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes [illegible] December 31 [illegible] Thursday [illegible] 12 1991

Health & Household	+	61.06
Textiles	+	44.27
Business Services	+	40.01
Packaging, Paper & Printing	+	37.54
Chemicals	+	30.45
Merchant Banks	+	27.22
Consumer Group	+	25.90
Electricals	+	25.55
Stores	+	24.57
Engineering-General	+	24.33
Telephone Networks	+	21.35
Other Industrial Materials	+	20.72
Electricity	+	20.62
Brewers & Distillers	+	19.27
Industrial Group	+	18.53
Food Manufacturing	+	17.40
Other Groups	+	17.18
Transport	+	16.84
500 Share Index	+	15.01
Investment Trusts	+	13.86
All-Share Index	+	12.77
Media	+	12.53
Insurance (Life)	+	[illegible]
Electronics	+	[illegible]
Banks	+	7.57
Food Retailing	+	4.06
Gold Mines Index	+	[illegible]
Capital Goods	+	[illegible]
Water	+	[illegible]
Conglomerates	+	0.26
Financial Group	-	[illegible]
Hotels & Leisure	-	[illegible]
Insurance Brokers	-	[illegible]
Motors	-	[illegible]
Oil & Gas	-	[illegible]
Building Materials	-	9.30
Property	-	14.60
Engineering-Aerospace	-	16.37
Insurance (Composite)	-	16.64
Contracting, Construction	-	19.29
Metals & [illegible] Forming	-	24.70

BENCHMARK GOVERNMENT BONDS

		[illegible]	[illegible]	Price	[illegible]	Yield	Week ago	[illegible] ago
AUSTRALIA		12.000	11/01	[illegible]	[illegible]	9.89	[illegible]	[illegible]
BELGIUM		9.000	08/01	99.4500	-	[illegible]	9.10	9.04
CANADA *		[illegible]	04/02	[illegible]	[illegible]	8.47	[illegible]	8.56
DENMARK		[illegible]	11/00	[illegible]	+0.100	[illegible]	[illegible]	8.67
FRANCE	BTAN	[illegible]	[illegible]	97.7072	-	[illegible]	9.16	8.89
	OAT	9.500	[illegible]	[illegible]	+0.110	[illegible]	[illegible]	8.76
[illegible]		[illegible]	08/01	100.0100	[illegible]	[illegible]	8.28	8.23
ITALY		[illegible]	08/01	97.0600	[illegible]	12.64	12.62	[illegible]
[illegible]	No 119	[illegible]	[illegible]	[illegible]	[illegible]	5.96	5.95	6.20
	No [illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]	5.98
[illegible]		8.500	03/01	98.6100	[illegible]	8.72	8.77	8.71
[illegible]		[illegible]	07/98	100.5500	[illegible]	11.67	11.91	11.70
UK [illegible]		10.000	[illegible]	101-12	+[illegible]	9.64	[illegible]	[illegible]
		[illegible]	[illegible]	[illegible]	+7/32	[illegible]	9.73	[illegible]
		[illegible]	10/08	[illegible]	+11/32	9.35	9.61	[illegible]
US [illegible] *		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.19	7.41
		8.000	[illegible]	102-29	+5/32	7.75	7.77	7.80

London closing, *denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds., others in decimal. Technical Data/ATLAS Price Sources

COMMODITIES

WEEK IN THE MARKETS

Gold market goes into reverse

THE RECENT cautiously bullish mood in the gold market evaporated this week after the precious metal's pice had reached the highest level for six months. That happened on Monday, when an advance influenced as much by the reluctance of sellers as by the enthusiasm of buyers took the London bullion market price up $2.55 to $370.70 a troy ounce.

The price did not hold for long above the psychologically significant $370 level, however; weakness in the silver market on Tuesday triggered a bout of profit-taking that trimmed it by $2.30. But dealers were not too downhearted and some suggested that, in the prevailing bullish atmosphere, the price was unlikely to fall below $368 an ounce. They were soon eating their words. Falls of $2.35 on Wednesday $6.90 on Thursday and 25 cents yesterday left the price $9.25 down on the week at $358.90 an ounce.

Tuesday's silver price fall came after early Middle Eastern buying ran into what one trader described as "a wall of [investment] fund selling". And with recession fears sapping confidence in near term prospects for the silver market a further sharp fall was seen on Wednesday that took the price below the $4-an-ounce mark. That seemed to be the signal for Arab syndicates to unload more metal and by yesterday's close the price was quoted at 388 cents an ounce, down 20 cents on the week.

[illegible] too on the platinum price, which also suffered in sympathy with gold, and [illegible] yesterday's afternoon fixing it was down [illegible] on the [illegible] $356.25 an ounce.

At the London Futures and Options Exchange the coffee market was in a gloomy mood from the outset. Disappointment at the lack of progress towards reviving price support mechanisms [illegible] last week's International [illegible] Organisation talks in London was evident as the March delivery robustas price slipped by £47 to £541 [illegible] Thursday's close. But then operators seemed [illegible] decide that the sell-off had gone too [illegible] although there was no bullish [illegible] the price regained [illegible] ground yesterday [illegible] just [illegible] down on balance at £585 a tonne.

Cocoa futures also gained ground yesterday, as rumours circulated about heavy buying by a leading manufacturer. The March delivery price closed at £783 tonne up £3 on the day and £9 on the week.

At [illegible] London [illegible] Exchange [illegible] main bright [illegible] the aluminium market. Although bullish [illegible] was conspicuous by its absence and LME stocks continued to grow [illegible] the three months deliver price climbed by [illegible] $1,143 [illegible] one point on Thursday. But the rise, which was was explained by some traders as a belated reaction to the International Primary Aluminium Institute's announcement of an unexpected 24,000-tonne fall in producer stocks in October, then ran out of steam and sellers gained the upper hand.

Selling was given further encouragement yesterday by the LME's [illegible] of aluminium in [illegible] warehouse, already [illegible] level, [illegible] by [illegible] unexpectedly large [illegible] tonnes (following [illegible] 13,450-tonne rise announced on Tuesday) taking the total to 910,200 tonnes. By the close the three months position was $1,121.50 a tonne, down $8 on the day but still $14 up on the week.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	+19,350	to 910,200
Copper	-850	to 314,450
Lead	+1,450	to 121,550
Nickel	-270	to 9,924
Zinc	+2,475	to [illegible]
Tin	[illegible]	to [illegible]

Tin prices were also up on the week, chiefly in response talk that Brazil's Ebesa mining consortium had lost the mining rights to Bom Futuro, in Rondonia state, one of the biggest tin mines in the world. It later emerged, however, that a federal judge had only temporarily blocked development of the mine, to avoid social problems among the small-scale miners operating in the area. Nevertheless the cash tin price at the LME ended the week $20 up at $5,505 a tonne, having reached $5,525 at one stage.

Although technical tightness in the nickel market continued to ease, reports of Chinese buying interest helped the prices to continue their recovery from last week's 22-month lows. But the rise had run its course by mid week and at yesterday's close the cash position, which had earlier reached $7,145 a tonne, was back to $7,105 a tonne, up only $5 on balance.

Copper prices fell to six-month lows as traders became convinced that the recent supply squeeze was over. The cash price fell £33.50 on the week to £1,194 a tonne and its discount against the three months price grew from £7 to £21.50.

Richard Mooney

APPOINTMENTS

Pilot plan for Walker

Jack Walker, the secretive [illegible] who [illegible] his business to [illegible] for £330m a couple of years ago, [illegible] hired Trefor Jones, [illegible] ex-pilot, to run his [illegible] business [illegible] – [illegible].

The 45-year-old Jones [illegible] Birmingham Executive Airways in [illegible] and [illegible] six [illegible] developed eight [illegible] scheduled air services [illegible] Birmingham. He [illegible] a [illegible] president [illegible] the European Regional Airlines Association.

Jones' appointment as [illegible] managing director of [illegible] Aviation is [illegible] sign [illegible] Jack Walker's plans [illegible] build [illegible] biggest independent regional carrier. Unlike [illegible] independents which have [illegible] hurt by the recession and high interest [illegible], Walker's airline [illegible] growing rapidly.

Having [illegible] with just [illegible] five-seater plane ten [illegible] an 11-strong aircraft fleet. In [illegible] to end October, the number [illegible] carried rose by [illegible] to [illegible] by [illegible].

[illegible] strategy [illegible] exploit a [illegible] in [illegible] an independent airline flying [illegible] regional cities, by-passing the main hub airports.

[illegible] Aviation [illegible] the [illegible] of Jersey European Airways, [illegible] (Engineering) UK, [illegible] Leasing, and Jersey Aircraft Maintenance. As a private [illegible], it [illegible] is profit[illegible] but with Walker's sub[illegible] behind it, it [illegible] in [illegible] enviable financial position than [illegible] competitors.

Sepel takes to Irish life

IRISH LIFE, Ireland's largest life insurance [illegible] which was privatised [illegible] this year, has appointed [illegible] highly experienced Ralph Sepel [illegible] spearhead its drive to [illegible] share in the UK.

[illegible] 61, [illegible] is [illegible] of a number of [illegible] African [illegible] assurance [illegible] who [illegible] UK industry in [illegible] early 1970s.

Together with [illegible] Mark [illegible] others, Sepel championed the sale of unit-linked policies by [illegible] sales forces, [illegible]ucing [illegible] dynamism into what was [illegible] particularly sleepy industry.

He was [illegible] operating officer of Abbey Life until 1975, when he became chief [illegible] of Albany [illegible] regarded [illegible] one [illegible] most [illegible] medium-sized [illegible] assurance companies in the UK.

[illegible] Irish Life, Sepel will be [illegible] the [illegible] of appointed representatives built up by Mike Girling, his predecessor, since [illegible] opted to [illegible] with independent brokers in [illegible]. He may [illegible] further modifications [illegible] this distribution strategy in [illegible] bid to boost sales of life [illegible] beyond the £38m in new business premiums [illegible] in [illegible].

Girling, meanwhile, is taking over management [illegible] Irish [illegible] international [illegible].

His [illegible] will immediately [illegible] absorbed by the launch [illegible] Irish Life's new subsidiary in France early next [illegible]. [illegible] company also [illegible] operations in the United [illegible] and Norway.

Bodies politic

■ Vivian Thomas, [illegible] marine engineer by profession [illegible] chief executive of BP Oil (UK), [illegible] chairman of the BRITISH STANDARDS INSTITUTION. [illegible] chairman of the BSI Testing Board for just over a year.

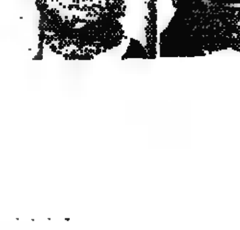
■ Dublin-born Sir David [illegible] has [illegible] of the Queen's University of Belfast. He succeeds the late Sir [illegible] Wright. [illegible] spent much [illegible] his career with Unilever and on retirement in [illegible] chairman [illegible] Inchcape [illegible] four years; he [illegible] now acting chairman following Sir George Turnbull's early retirement.

■ The TSB Foundation [illegible] England and [illegible] has appointed Joanna Foster deputy chairman; she succeeds Lord Chapple [illegible] Hoxton. [illegible] is chair of the Equal [illegible] Commission. John Foster, former senior partner of Wedd Durlacher Mordant, is appointed a trustee.

■ Ian Hay Davison [illegible] adding [illegible] public appointments by being [illegible] president [illegible] the NATIONAL COUNCIL FOR [illegible] PARENT [illegible]AMILIES.

■ [illegible] Whale (below [illegible]), a senior partner [illegible] KPMG Management Consulting, [illegible] appointed presi[illegible] [illegible] SERVICES [illegible].

■ David Holliday (below right), [illegible] Admiral [illegible] is [illegible] president of the House Builders Federation for 1992.



■ David O'Shaughnessy, a director of CMB Packaging, has [illegible] chairman of the council of PIRA INTERNATIONAL, the independent [illegible] research, consultancy, taining and information services [illegible] the paper, printing [illegible] packaging [illegible].

■ Richard Tinson, chairman for [illegible] of Emstar, [illegible] appointed director [illegible] ENERGY [illegible].

■ Sir Brian Hayes, a director of Unilever and former permanent secretary at [illegible] DTI, [illegible] appointed chairman of [illegible] CBI's Education Foundation in succession to Sir James Cleminson.

[illegible] Thompson, chief executive [illegible] Rentokil, has [illegible] appointed chairman of the [illegible] south [illegible] regional council; Joe Lambert is vice-chairman.

■ David Gravells [illegible] chairman of the association of MBAs; his deputy [illegible] Ibe Ypma.

■ David Clayman, md of Esso UK, is elected president of the [illegible] PETROLEUM INDUSTRY [illegible].

■ THE NATIONAL [illegible] the following: Martin Drury, historic buildings secretary, [illegible] on [illegible] additional [illegible] of deputy director general on [illegible] retirement [illegible] Ivor Blomfield; Ian Kennaway, former regional [illegible] Wales, becomes director of regions; Laurence Harwood, regional [illegible] of [illegible] North West [illegible] countryside strategy; Oliver Maurice, regional director [illegible] Northumbria, [illegible] place, and Tiffany Hunt [illegible] on Northumbria.

■ Geoffrey Bayly, deputy md [illegible] Hays' Distribution Service, is the new president of The COLD STORAGE AND DISTRIBUTION [illegible]

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AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1000)						
80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
Gilts & Fixed Int	6	116.5	[illegible]	[illegible]	+0.6	9.30
High Inc Equity	6	123.3	[illegible]	[illegible]	+3.0	6.52
Worldwide Bond	6	211.9	[illegible]	[illegible]	+0.3	6.67
Capital Growth						
American Growth	6	192.8	[illegible]	205.9	+2.3	1.08
Asian Pacific	6	116.7	[illegible]	124.8	+1.4	1.26
Assets & Earnings	6	173.5	[illegible]	185.5	+3.2	3.23
Capital Reserve Acc	0	111.2	[illegible]	111.3	+0.2	6.82
Capital Reserve Inc	0	87.96	[illegible]	88.03	+0.18	6.82
Comdty & Energy	6	68.86	[illegible]	73.64	+0.58	1.85
1992 Enterprise	6	62.47	[illegible]	66.81	+0.89	3.08
Euro Capital Acc	6	81.85	[illegible]	87.54	+0.49	1.19
Euro Capital Inc	6	78.20	[illegible]	83.63	+0.46	1.20
General	6	163.8	[illegible]	175.1	+3.6	2.86
Japan	6	91.61	[illegible]	98.61	+2.41	–
Mastertrust	6	86.57	[illegible]	92.58	+1.57	2.77
UK Growth Acc	6	162.9	[illegible]	180.9	+0.8	2.20
UK Growth Dist	6	103.5	108.1xd	114.9	+0.5	2.25
US Emerging Cos	6	71.41	72.71	77.35	+0.57	–
Income & Growth	6	284.6	284.6xd	304.3	+7.5	4.60
Ethical	6	51.77	53.06	56.44	+0.47	2.76
International	6	59.24	60.04	63.87	+0.69	1.38
Dividend & Growth	6	46.33	47.52	50.55	+1.18	5.93
Global Gwth & Sec	6	52.28	52.52	55.87	-0.10	3.11
Aberforth Unit Trust Managers Ltd (1600)F						
16 Chester St, Edinburgh EH3 7RA 031 220 0733						
UK Small Cos	0	1062.0	1062.0	1115.0		–
Abtrust Unit Trust Managers Ltd (1200)H						
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580						
Amer Inc & Growth	5½	27.98	27.98	29.66	+0.39	2.68
Cash	0	50.14	50.14xd	50.14	+0.01	10.15
European	5½	63.36	63.36	67.25	+0.18	0.34
European Income	5½	67.43	67.84xd	71.57	+0.20	1.71
Exempt	[illegible]	756.4	756.4	782.0	+10.1	5.22
Extra Income	[illegible]	36.15	36.15xd	38.40	+0.58	6.28
Far East Emrg Econ	[illegible]	46.65	46.65	50.02	+0.45	1.28
Fund Inv Tst	5	107.1	109.6	117.0	+1.4	1.46
Fund Inv Tst Acc	5	174.9	179.0	191.1	+2.3	1.43
Gilt & Fixed Int	5½	15.86	16.39xd	17.50	+0.10	11.38
Japan	5½	145.3	145.3	[illegible]	+2.5	0.00

For Geoffrey Morley see Commercial Union

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units [illegible].

BID PRICE: [illegible] price. The price at which units [illegible].

CANCELLATION PRICE: [illegible]

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (▼) - 0001 to 1100 hours; (◆) - 1101 to 1400 hours; (◆) - 1401 to 1700 hours; (◆) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short [illegible]

HISTORIC PRICING: [illegible]

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: [illegible]

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Sovereign Unit Tst Mngrs Ltd (1000)F						
12 Christchurch Rd, Bournemouth 0202 298422						
Cash	1	49.90	49.90xd	50.40	+0.01	10.6
Capital Preference	5½	48.12	48.40	52.63	+0.40	9.34
Ethical	5½	46.68	47.48	50.69	+0.71	5.08
European Growth	5½	44.06	44.21	47.16	-0.26	3.3
Income	5½	44.54	45.02	48.02	-0.94	8.05
Intl Growth	5½	60.63	60.73	64.78	+0.10	3.47
Managed	5½	54.83	55.19	58.87	+1.11	4.81
UK Growth	5½	48.30	48.95	52.19	+1.41	6.04
Standard Chartered Equitor (1200)F						
69 Old Broad Street, EC2M 1QS 071-280 6521						
Mngd Exempt Acc	3	185.8	188.0	195.8	+3	3.14
Do Income	3	177.3	179.5	186.9	+2.9	3.14
Standard Life Tst Mgmt Ltd (0629)H						
3 George St, Edinburgh EH2 2XZ 0800 393777						
Managed Acc	5½	34.04	34.04	36.17	+0.3	2.64
UK Equity Gth Acc	[illegible]	[illegible]	47.15	[illegible]	+0.6	2.27
UK Eq High Inc Inc	[illegible]	[illegible]	28.79	[illegible]	+0.6	6.88
UK Eq High Inc Acc	[illegible]	[illegible]	32.52	[illegible]	+0.6	6.88
UK Equity Gen Acc	[illegible]	[illegible]	44.80	[illegible]	+0.7	3.76
UK Equity Gen Inc	[illegible]	34.25	34.83	[illegible]	+0.6	3.76
UK Large Co Acc F	7½	286.3	290.2	[illegible]	+3.0	4.93
UK Large Cos Inc F	7½	230.5	233.7	[illegible]	+2.4	4.93
Gilt & Fxd Int Inc	5½	27.80	27.87	[illegible]	+0.1	7.96
O'seas Larg Cos Acc F	7½	199.2	203.2	[illegible]	+2.0	2.21
Nth American Acc	5½	32.80	32.98	[illegible]	+0.3	0.80
Far East Acc F	5½	38.26	39.25	[illegible]	+0.5	0.16
European Acc	5½	33.59	33.15	35.23	+0.1	2.77
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh 031-226 3271						
American ♥	5	268.8	268.8	287.6	+3.0	0.81
(Accum Units) ♥	5	316.4	316.4	338.7	+3.5	0.81
British	5	790.6	800.6	847.0	+11.7	6.12
(Accum Units)	5	1299.0	1315.4	1391.6	+19.2	6.12
European	5	306.3	306.3	326.2	+2.1	1.56
(Accum Units)	5	332.0	332.0	353.6	+2.3	1.56
Japan	5	108.0	108.0	115.0	+2.9	-
(Accum Units)	5	108.9	108.9	115.9	+2.9	-
New Pacific	5	163.1	163.1	174.0	+0.6	1.99
(Accum Units)	5	167.5	167.5	178.7	+0.6	1.99
PEP Dec 11	5	139.1	140.5	148.7		3.78
Mngd Equity	5	118.8	120.1	127.1	+1.4	3.98
Mngd Equity Acc	5	126.0	127.4	134.9	+1.5	3.98
Mngd Cash	5	96.85	96.85	99.46	+0.02	10.25
(Accum Units)	5	117.1	117.1	120.9	+0.1	10.25
Majority Stlg	1	100.09	100.09	101.90	+0.01	10.95
Majority Stlg Acc	1	107.85	107.85	108.93	+0.02	10.95
Storebrand Intl Inv Mngrs Ltd (1200)F						
Admir 5 Rayleigh Rd, Hutton, Brentwood, Essex						
Enquiries 0277 227300 Dealing 0277 261010						
International Dec 13	0	49.82	49.82	50.27	-0.58	3.40
Sun Alliance Unit Tst Mngmt Ltd (1200)F						
St Mark's Court, Horsham 0403 232323						
[illegible]						

[illegible]

INSURANCES

[illegible]

OTHER UK UNIT TRUSTS

[illegible]

Continued on next page

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N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Grss
Life Managed Fd				
Pension Managed Fd	105.2	110.7	..	—
Life Deposit Fd	103.3	108.8	...	—
Pension Deposit Fd	111.2	117.1	.....	—
	118.1	124.9	...	—

For National Fin see Target Life

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422
Harvester Pension Funds

	Bid Price	Offer Price	+ or -	Yield Grss
Managed	162.6	171.2	...	—
UK Equity	167.5	176.4	.....	—
Overseas Equity	129.3	136.2	.....	—
Fixed Interest	162.2	170.8	....	—
Property	129.2	136.0	....	—
Index Linked	151.6	159.6	...	—
Deposit	165.1	173.8	.....	—
With Profits (5)	135.0	142.1	....	—

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Grss
Managed	343.5	361.6	+3.7	—
UK Equity	431.1	453.8	+4.9	—
Overseas Eq.	323.7	340.8	+0.9	—
American	273.9	288.4	+2.5	—
Far East	348.6	367.0	+6.6	—
Property	193.9	204.2	+0.1	—
Fixed Int.	274.5	289.0	+0.8	—
Indexed Gilt	161.2	169.6	----	—
Deposit	188.6	198.6	.....	—
With Profit	105.6	111.2	....	—
Pension Fund (Accum Units)				
Managed	497.8	524.0	+5.7	—
UK Equity	585.5	616.4	+9.0	—
Overseas Eq.	553.0	582.2	+4.9	—

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

هكذا من الأصل

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ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (3:00 pm)

December 13	US$	+ or −
AAR Corp	12⅛	+¼
AMP Inc	53⅜	−¼
AMR Corp	63⅝	+1⅛
ASA	47⅝	−⅛
Abbott Labs	59½	−¼
Acme Cleveland	6⅛	+⅛
Adobe Res	5⅛	−⅛
Advanced Micro	15⅞	+⅛
Aetna Life	38½xd	−¼
Affiliated Publ	8⅛xd	−⅛
Ahmanson (HF)	15	−¼
Air Prod & Chemical	67⅜xd	−⅛
Alberto-Culver B	27⅝	−½
Albertson's	37xd	+1⅛
Alcan Aluminium	18⅜	....
Alco Standard	32½	+⅜
Alexander & Alex	18½	−¼
Alex & Baldwin	25½	....
Allegheny Power	44xd	+¼
Allied Signal	38	....
Aluminum Co of Am	57⅜	....
Amax	17⅛xd	....
Amdahl Corp	13⅛	....
Amerada Hess	44¼xd	+1⅛
Amer Brands	40¼	....
Amer Cyanamid	56⅞	+½
Amer El Power	32½	−⅛
Amer Express	18⅝xd	....
Amer Family Corp	27⅞	+⅜
Amer Genl Corp	42¼	−⅛
Amer Greetings Cl A	36⅞	+⅝
Amer Home Pr	76⅝	−½
Amer International	88⅜xd	+⅝
Amer Natl Ins	37¼xd	+⅜
Amer Stores	27⅛	+½
Amer T & T	38¼	+⅜
Ameritech	64¼	+⅛
Ames Dept Stores	1	+0.06
Ametek Inc	12⅜xd	....
Amoco	47⅝	+½
Analog Devices	8¼	+⅜
Anheuser-Busch	55⅞	+⅜
Aon Corp	38½	−⅛
Apple Computer	50¼	+⅞
Archer Daniels	30	....
Arkla	11¼	−⅝
Armco	4.12	+0.13
Armstrong World	24⅞	−⅛
Asarco	19¼	+⅜
Ashland Oil	26⅝	+⅛
Atlantic Richfield	104¼	+1½
Auto Data Pro	38⅝xd	+⅜
Autodesk	34¼	+1
Avery Dennison	21⅜	+⅛
Avnet Inc	23¼xd	−⅛
Avon Products	39⅜	−⅛
Balmco Corp	5⅜	+⅛
Baker Hughes Inc	18⅝	+⅜
Ball Corp	33⅛	+⅛
Bally	4.50	−0.13
Baltim Gas & El	33¼xd	−⅛
Banc One	46⅜xd	....
Bandag	113¼xd	−¼
BankAmerica	34⅞	+1½
Bank of Boston	11¼	−⅛

December 13	US$	+ or −
Contl Corp	25⅛	−⅛
Control Data	8⅝	−⅛
Cooper Inds	48⅞xd	+1
Coors (Adolph)	19⅞	−⅛
Corestates Finl	44⅛	....
Corning Inc	82¼xd	+2⅛
Crane	21⅝xd	+½
Cray Research	39	+⅝
Crown Cork & Seal	84¼	−1
Cummins Engine	49½	+½
Curtiss-Wright	30	....
Cypress Semicond	15¼	−⅛
Cyprus Minerals	18⅞xd	−⅛
DSC Commun	4.12	+0.13
DQE	29xd	−¼
Dana Corp	26	....
Data General	15¼	+⅛
Dayton Hudson	59⅞	+1
Deere	42⅞xd	+1⅛
Delmarva Pwr & L	20⅜	....
Delta Air Lines	62½	+1¼
Deluxe Corp	36⅜	+1¼
Detroit Edison	33¼xd	−½
Dial Corp Ariz	41½	−¼
Diebold Inc	47xd	....
Digital Comms	17¼	−¼
Digital Equipment	57⅞	+2¼
Dillard Dept St	131¼	+3
Disney (Walt)	108¼xd	+1⅞
Dole Food Inc	33	+¼
Dominion Res	55⅛	....
Donnelley (RR)&Sons	44	+⅛
Dover Corp	35¼xd	....
Dow Chemicals	49⅜	+⅞
Dow Jones	23⅛	....
Dravo Corp	6	....
Dresser	27	+⅜
Dreyfus Corp	43	+⅝
Duke Power	32½	−⅜
Dun&Bradstreet	51⅜	+1
Du Pont	44⅝	−½
E G & G Corp	45¼xd	+¼
E-Systems	34¼xd	−¼
Eastern Enterprises	26⅜	−¼
Eastman Kodak	45¼	−⅛
Eaton Corp	59	+½
Echlin Inc	10⅞	+⅛
Emerson Electric	49⅜	+⅛
Engelhard Corp	27⅝xd	+½
Enron Corp	68¼	+1¼
Enserch Corp	13⅜	−⅛
Entergy Corp	28¼	−¼
Ethyl Corp	25⅝xd	+¼
Exxon	57⅞	+⅛
FMC Corp	46¼	−⅛
FPL Group	35¼	−⅛
Fedders Corp	7	+⅛
Federal Express	35¼	+½
Federal Mogul	13⅜	+¼
Fed Nat Mtge	61¼	+½
Federal Paper Brd	24⅜	+1
Fieldcrest Cannon	12	+⅛
Fina Inc A	69⅜	−1
First Bank Systems	23⅜	−⅛
First Chicago	23⅞xd	−⅛
First Fid Bancorp	29	+⅛
First Interstate	28¼	+⅛

December 13	US$	+ or −
Commerce Cl Hse	17¼	....
Comm Satellite	33	....
Commonw Edison	41⅞	−⅛
Compaq Computer	26⅜	−⅛
Computer Ass Int	8⅞xd	−⅛
Computer Sciences	65½	+1
Conagra	32⅞xd	....
Cons Edison	26⅜	−⅛
Cons Freightways	12½	+⅛
Cons Nat Gas	38⅜xd	−⅛
Cons Paper	33⅛	+⅛
Cons Rail	71½	−⅛
Continental Air	0.69	+0.06
Conti Bank	8½	....
Intl Multifoods	25⅝xd	+¼
Intl Paper	65⅜	+1⅛
Interpublic	49⅞	+1¼
InterTAN	20⅞	+⅛
James River Va	18xd	+⅞
Jefferson Pilot	56⅛xd	....
Johnson Controls	32⅝xd	+¼
Johnson & Johnson	104⅞	+⅛
K Mart	41¼	+1⅞
Kellogg	110	+⅛

INDICES

NEW YORK

DOW JONES	Dec 12	Dec 11	Dec 10	9	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2895.13	2865.38	2863.82	2871.65	3077.15 (18/10)	2470.30 (9/1)	3077.15 (18/10/91)	41.22 (2/7/32)
Home Bonds	97.73	97.69	97.79	97.82	97.92 (12/11)	91.30 (16/1)	97.92 (12/11/91)	54.99 (1/10/81)
Transport	1199.74	1160.50	1171.90	1184.42	1287.56 (18/10)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	219.20	219.27	219.70	220.77	221.64 (2/12)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2911.67 (2889.53) Low 2861.14 (2832.29)

STANDARD AND POOR'S

	Dec 12	Dec 11	Dec 10	9	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	381.55	377.70	377.90	378.26	397.41 (13/11)	311.49 (9/1)	397.41 (13/11/91)	4.40 (1/6/32)
Industrials	448.80	444.53	444.88	445.36	472.01 (29/8)	364.90 (9/1)	472.01 (29/8/91)	3.62 (21/6/32)
Financial	30.60	30.10	30.15	30.15	32.54 (13/11)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	210.44	208.53	208.86	209.21	219.37 (13/11)	170.97 (9/1)	219.37 (13/11/91)	4.46 (25/4/42)
Amex Mkt. Value	366.13	366.48	368.17	370.59	392.37 (12/11)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	536.02	531.64	534.23	535.35	556.17 (13/11)	355.75 (14/1)	556.17 (13/11/91)	54.87 (31/10/72)

	Dec 6	Nov 29	Nov 22	year ago (approx.)
Industrial Div. Yield	3.17	3.15	3.15	3.98

	Dec 11	Dec 4	Nov 27	year ago (approx.)
S & P Industrial div. yield	3.22	2.80	2.82	3.31
S & P Indl. P/E ratio	21.05	22.98	22.78	15.89

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Telefonos	2,573,600	41½	+ 1⅛
IBM	2,092,500	88⅜	+ 1
Arkla	2,001,500	11⅛	- 1⅛
Philip Morris	1,972,700	69⅝	+ ⅞
East Kodak	1,942,700	45¼	- 1⅛
Gen Motors	1,940,800	28⅛	+ ¼
Triton	1,799,400	38	+ 4⅛
Compaq Comp	1,799,100	27⅛	+ 1⅛
Glaxo	1,769,400	29⅝	+ ⅝
West Elec	1,761,200	15⅛	+ ⅛

TRADING ACTIVITY

† Volume (Millions)	Dec 12	Dec 11	Dec 10
New York SE	192.930	206.010	191.810
Amex	13.568	17.801	16.191
NASDAQ	168.068	174.445	157.622
NYSE			
Issues Traded	[illegible]	2,175	2,187
Rises	[illegible]	614	633
Falls	[illegible]	1,012	1,030
Unchanged	[illegible]	549	524
New Highs	[illegible]	39	60
New Lows	[illegible]	116	46

CANADA

TORONTO	Dec 12	Dec 11	Dec 10	Dec 9	1991 HIGH	1991 LOW
Metals & Minerals	2760.23	2752.01	2748.75	2750.17	3299.99 (18/7)	2632.06 (9/1)
Composite	3348.42	3351.92	3374.70	3382.89	3604.09 (12/11)	3161.95 (15/1)
MONTREAL Portfolio	1773.57	1776.29	1789.08	1790.44	1907.35 (12/11)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

WORLD STOCK [redacted]

AMERICA

Dow advances strongly for a second day

Wall Street

SPURRED BY a spectacular overnight gain in Tokyo and confidence in the domestic market's resilience, US stocks [redacted] sharply for the [redacted] consecutive day yesterday, *writes Patrick Harverson in* [redacted].

By 1pm the [redacted] Industrial Average [redacted] up [redacted] at 2,920.39. The more broadly based Standard [redacted] Poor's [redacted] was also higher at midsession, up 3.41 at 384.96, while the Nasdaq composite of over-the-counter stocks climbed [redacted]. Volume [redacted] was heavy at 122m shares.

The [redacted] per cent jump in Tokyo share prices buoyed [redacted] timent at the opening, although the gains in Japan were not inspired by factors likely to have an impact on [redacted] investors.

A bigger influence in [redacted] market [redacted] the strength shown when the Dow fell below 2,850 this week. The feeling that 2,850 is now a firm floor for [redacted] index [redacted] attracted investors back to the equities pitch. Confidence was such yesterday that the market ignored the potentially disruptive news that November consumer price inflation was up 0.4 per cent, more than expected.

Among individual [redacted], USX-Marathon slipped [redacted] to $22 on the disappointing news that drilling at an oil find in Tunisia had shown [redacted] minor [redacted] of oil.

In the same sector, Arkla Exploration fell [redacted] on reports [redacted] the [redacted] group might have [redacted] its dividend next year.

American [redacted] rose [redacted] to $40⅝ [redacted] that it [redacted] probably [redacted] a one-off pre-tax charge of [redacted] $275m [redacted] January [redacted] in [redacted] post-retirement benefits [redacted] than pensions.

Ford rose $⅝ to $25⅞ in [redacted] of unveiling a 33 per cent decline in early December car sales and a 14 per cent fall in [redacted]. The [redacted] big [redacted] manufacturers [redacted] also firmer, Chrysler up $⅛ [redacted] $11⅞ [redacted] General [redacted] rising [redacted] to $28⅝, [redacted] latter [redacted] reported only slight [redacted] in early December [redacted].

Healthtrust was a newcomer [redacted] yesterday. The hospital [redacted] company's stock was priced at $14 a share, and by early afternoon it was trading at $13⅞ in volume over [redacted] shares.

After a delayed opening owing [redacted] an imbalance of buy orders, UAL rose $3⅞ to $128 [redacted] investors picked up the [redacted] in [redacted] hope that the [redacted] rier's newly acquired Latin American [redacted] (bought [redacted] the bankrupt Pan Am) will boost its [redacted] to be a fully fledged global airline.

Amid [redacted] from analysts [redacted] rally in the airline sector, other stocks rose, with AMR up $1⅛ at [redacted] and Delta up $⅝ at $61⅞.

Canada

TORONTO firmed slightly in [redacted] trading by midday, making a marginal recovery from eight successive losses. [redacted] composite index rose 11.7 [redacted] 3,360.2. Advancing [redacted] by [redacted] to 189 in volume [redacted] shares valued [redacted] C$197.5m.

Among active issues, Grafton Group class A eased [redacted] to 50 cents, [redacted] was [redacted] C$46⅞, Canadian Satellite rose C$⅝ [redacted] C$11⅞, Royal Trustco gained C$⅛ to [redacted] and Ranger [redacted] firmed C$⅛ to C$8⅞.

ASIA PACIFIC

Nikkei jumps 4.8% in biggest gain of year

Tokyo

THE NIKKEI [redacted] registered its biggest gain [redacted] the year and its eighth largest ever yesterday, on buying orders placed [redacted] morning, *writes* [redacted] *Terazono* [redacted] *Tokyo*.

[redacted] outcome [redacted] yesterday's [redacted] futures [redacted] ments. The Nikkei closed 1,042.33 or 4.8 [redacted] higher [redacted] 22,754.90, after opening at the day's low [redacted] 21,716.07 and hitting [redacted] high [redacted] 22,758.61.

Trading was [redacted] the opening by a large number of buyers [redacted] of sellers, but a round of arbitrage-linked selling was countered by aggressive buying by arbitrageurs, investment trusts and financial institutions.

Volume jumped from [redacted] 700m, [redacted] an [redacted] 350m was [redacted] for by [redacted] index-related trading. Advances [redacted] by 935 [redacted] unchanged, [redacted] Topix [redacted] all [redacted] stocks advancing 43.11 [redacted] 1,726.15. In London, [redacted] ISE/Nikkei [redacted] fell [redacted] 1,281.39.

[redacted] that arbitra[redacted] buy [redacted] stocks in [redacted] positions. [redacted] Woodthorpe [redacted] S.G. Warburg [redacted] added that [redacted] initial, arbitrage-related trading triggered buying by institutions directly [redacted] in [redacted].

Some analysts [redacted] about short-term prospects. Mr [redacted] the Nikko [redacted] that [redacted] share, and that [redacted] would be brief. "The only group of [redacted] buy into the market is the individuals, and they are [redacted] ready [redacted] commit funds into [redacted] investments yet," he added.

Small-capital components of the Nikkei average attracted heavy buying. Daito Woolen Spinning and Weaving added Y190 to Y1,450, *Shimura Kako* [redacted] Y2,100. High-technol[redacted] blue chips [redacted] on [redacted] buying. [redacted] Y10 to [redacted] Y1,190.

Issues that become eligible for [redacted] trading next week rallied. [redacted] Sugar gained Y73 to Y733, for a rise of 38 per [redacted] Industries added Y66 to Y878 and Miyaji Iron Works Y20 to Y870.

Hogy Medical, a medical equipment company listed on the second section at the start of this month, picked up Y300 to Y5,310, its third consecutive rise. Investors have been encouraged by the company's earnings projections.

In Osaka, the OSE average added 721.01 to 24,596.14 in volume of 27m shares.

Roundup

TOKYO'S [redacted] yesterday and the overnight gain on Wall Street encouraged several [redacted].

AUSTRALIA extended Thursday's gains, in spite of the news that Prime [redacted] Hawke [redacted] fight [redacted] challenge [redacted] Mr Paul Keating, [redacted] former [redacted]. Hopes [redacted] a change [redacted] leadership would produce a cut in interest rates had [redacted] market the previous day. The [redacted] Ordi[redacted] index was up 6.1 [redacted] 1,597.9, an advance [redacted] 0.9 per [redacted] on [redacted] week. Turnover eased to A$112m from A$350m.

News Corp fell after pricing its issue of 42m ordinary share American Depositary Receipts at A$12.50 each. The stock lost 60 cents to A$13.20.

HONG KONG was encouraged by Thursday's late news that Jardine Matheson, which is moving its primary listing to London, would seek a secondary listing in Hong Kong. The Hang Seng index gained 59.48 to 4,155.48, but still ended the week 0.8 per cent lower. Turnover recovered to HK$1.27bn from HK$991m.

Jardine Matheson rose HK$1.50 to HK$38.50, while its affiliates, Jardine Strategic Holdings and Hongkong Land, put on 50 cents to HK$18.30 [redacted] 20 cents to [redacted].

SINGAPORE rose in moder[redacted] trading. The Straits Times [redacted] gained 16.41 [redacted] 1,441.32 – a rise on the week of 0.8 [redacted] – in [redacted] of S$57m, [redacted] KUALA [redacted] also advanced, with its composite [redacted] up 5.16 [redacted] 537.85 for a gain of 1.4 per cent on [redacted] week. Volume [redacted] to [redacted] from 31m.

[redacted] on profit-taking. [redacted] weighted index lost 22.91 [redacted] 4,417.06 [redacted] turnover slipped [redacted] T$17.2bn from T$17.5bn. [redacted] market gained [redacted] per [redacted] the week.

Profit-taking also depressed SEOUL, [redacted] the composite index fell [redacted] 647.37, but gained 1.9 per [redacted] the week [redacted] the signing of a non-aggression pact between [redacted] Korea. Turnover was steady [redacted] Won261bn.

[redacted] and MANILA were flat [redacted] day but up 1.8 per cent and 2.1 per cent [redacted] the week. The SET index [redacted] 0.01 [redacted] in heavy turnover of Bt4.2bn, [redacted] composite [redacted] to 1,126.1.

EUROPE

Overseas rises receive sporadic welcome

THE APPARENT improvement in sentiment [redacted] Wall Street and in Tokyo gave some bourses a fillip yesterday, but [redacted] sporadic, *writes Our Markets Staff*.

PARIS ended the week almost where it started, as three successive days of gains mopped up Monday's and Tuesday's losses. The CAC 40 index came within four points of the 1,700 level before finishing 16.85, or 1 per cent higher at 1,688.27 compared [redacted] the previous Friday's [redacted] 1,685.72. Turnover was moderate at about *FFr2.3bn*, up [redacted] FFr2.1bn.

Among the firmer blue chips, Total, which [redacted] signed a production-sharing agree[redacted] in the Russian Arctic Circle, [redacted] FFr24 to [redacted], Saint-Gobain added [redacted] to FFr425.90 and Peugeot gained FFr8 to FFr572.

One [redacted] day's losers was Hachette, [redacted] group, which fell [redacted] FFr135.90 [redacted] *Canal Plus*, [redacted] pay-television station, confirmed that it had taken part in talks with La Cinq, Hachette's struggling television channel, but did not plan to invest. Canal Plus gained FFr18 to FFr1,040 in volume of 58,675 shares.

[redacted] block trade, [redacted] be on behalf of US interests, lifted volume in CGI Informatique, [redacted] information technology company, to [redacted] shares, as [redacted] price [redacted] FFr11 or [redacted] cent [redacted].

AMSTERDAM responded to [redacted] gains with a [redacted] 1.3 per cent. [redacted] dency index [redacted] 1.1 [redacted] 88.0, ending the week unchanged.

Among the winners, Royal Dutch was [redacted] by the firmer dollar and rose Fl 2.70 or 1.9 per cent to Fl 143.10; Akzo, which this week [redacted] fore[redacted] for 1991 [redacted] profits, added Fl 1.90 or 1.5 [redacted] cent to Fl 128.40; and Philips gained 90 cents or 3.1 [redacted] to Fl 30.30.

Volmac, [redacted] group, jumped Fl 2 or 9.3 per [redacted] to Fl 23.40 after saying late on Thursday that it expected a fall in 1991 profits of 15 [redacted] cent, rather than of 30-45 per cent as previously [redacted].

FRANKFURT, although *mildly appreciative, clearly* decided [redacted] the bounce in Tokyo was a [redacted] affair, and did [redacted] imply [redacted] Japanese [redacted] in German [redacted]. The DAX [redacted] rose 11.95 to 1,558.34 but was virtually unchanged on the week, while the FAZ, 8.27 better at 633.72, was down 0.7 per cent over five days. Volume was almost flat at DM3.66bn.

In a strong automotive [redacted] tor, Daimler Benz put on [redacted] DM717. Mr Edzard [redacted], chief executive, forecast higher earnings per share and cash *flow in 1991*, but a deceleration in domestic car sales for 1992.

V[redacted] another DM5.40 to DM293.50, this week's [redacted] recovery following a month of weakness.

Corporate [redacted] tegies, [redacted] the [redacted] of them, [redacted] Hoesch leading steels higher [redacted] rise to DM270 [redacted] observers wondered if [redacted] stakebuild[redacted] Philipp Holzmann in construction dropping DM21 [redacted] DM988, [redacted] sibly on speculation that, in an industry characterised by share crossholdings, Holzmann's sale of [redacted] stake in Dywidag [redacted] a Hochtief disposal [redacted] its [redacted] holding.

BRUSSELS enjoyed a blue-chip rally. The [redacted] gained [redacted] or 1.4 [redacted] cent to 1,081.62 – a rise on the week of 1.5 per cent – in turn[redacted].

Petrofina jumped [redacted] or [redacted] BFr10,825 [redacted] 21,100 shares traded, on rumours that covered [redacted] would be [redacted] on the stock.

MADRID rose, but was restrained by economic *data* [redacted] showing a rise of 0.1 [redacted] a percentage point in headline [redacted] – compared [redacted] some forecasts of a fall – and a sharper gain [redacted] point in inflation excluding food and energy.

The general index added 1.27 to 240.24, but ended the [redacted] per [redacted] lower. Turnover [redacted] at [redacted] Pta8bn, down [redacted] Pta9.9bn.

OSLO rose 1.1 per cent on the day and 4.5 per cent on the week, the all-share closing 4.72 higher at 418.65 in turnover of NKr295m. The index has recovered 12 per cent since early last week, on [redacted] reckoning [redacted] pessimism [redacted] economic [redacted] has been overdone.

STOCKHOLM rose on [redacted] day, [redacted] index adding 4.4 to [redacted] to [redacted] the week 2.1 [redacted] cent lower, [redacted] the outstanding individual price [redacted] was a SKr2 drop in Ericsson [redacted] against a high this year of [redacted] ers attributed the latest dip to investor worries over [redacted] telecommunication group's ability to break even in 1991.

MILAN staged another modest rally in thin trading, which left the Comit index 3.00 higher on the day at 492.75, and 0.4 per cent lower on the week.

Among industrial blue chips, performance was mixed. Fiat closed L5 higher at L4,675, but retreated to end kerb trading at L4,650. The tyres and cables group, Pirelli SpA, which has lost around 40 per cent in the past two weeks since the collapse of its courtship of Continental of Germany, closed at *L1,060, up just L10. Olivetti* closed L64 higher at L2,525.

VIENNA edged higher after six days of losses. The ATX index rose 4.99 to 913.87, but lost 3.7 per cent over the week.

FT-SE Eurotrack 100 - Dec 13

Hourly changes							
Open	10 pm	11 am	Noon	1 pm	2 pm	3 pm	Close
1050.72	1051.34	[redacted]	1048.74	1051.38	1051.37	1051.93	1051.10

Day's High [redacted] Day's Low 1049.15

Dec 12	Dec 11	Dec 10	Dec 9	Dec 6
1040.33	1034.07	1034.94	1039.46	1041.38

Base value 1000 [redacted]

SOUTH AFRICA

GOLD SHARES fell again as bullion [redacted] remained weak. The Johannesburg all-gold index lost 38 or 3.1 per cent to 1,194, for a three-day [redacted] 7.4 per cent. [redacted] overall [redacted] 21 to [redacted] as [redacted] industrial index eased 5 [redacted] 4,148.

German equities await another new beginning

Andrew Fisher reviews a recently somnolent bourse

TWO YEARS AGO, the German stock market embarked on a bout [redacted] enthusiasm, prompted by the opening of the east-west [redacted] and [redacted] optimistic outlook for a united Germany.

It was a positive [redacted] a historic development, but [redacted] did [redacted] last. The realisation [redacted] the high cost of unity has dented many early illusions; and the [redacted] German economy [redacted] turned [redacted] be *much worse than people* had imagined.

Reinforcing a more sober assessment [redacted] market have been [redacted] impact of the Gulf crisis and ensuing war on worldwide business confidence, the [redacted] in the former Soviet Union, and the failure of the crucial [redacted] economy [redacted] undergo a convincing recovery.

All [redacted] investors in Germany, where export dependence is high and the international economic weak[redacted] manufacturing companies hard.

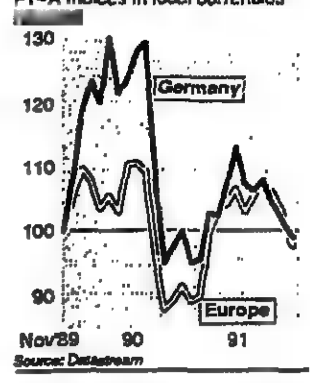
Germany [redacted] its [redacted] home-grown problems. [redacted] Wage [redacted] tlements have run [redacted] around 7 per [redacted] this year [redacted] inflation has topped 4 per [redacted] in a country that is historically sensitive [redacted] accelerating price rises. The [redacted] flow of [redacted] into the [redacted] government's expansive [redacted] policies have [redacted] the inflationary tendencies.

The Bundesbank has asserted [redacted] it [redacted] inflation fall [redacted] per cent, although it admits that this goal [redacted] unlikely [redacted] be achieved fully in [redacted] it intends to keep a tight hold on [redacted] money supply, with financial markets expecting a further quarter point rise in [redacted] *per cent Lombard rate* [redacted] Thursday.

Where does the market [redacted] from here? This year, the DAX index has moved between a low of 1,312 [redacted] January and a high of 1,716 in June. It has gained around 11 per cent on the year to date, lately settling *below the 1,600 level*. Next year, German shares could start [redacted] benefit from a perception that the market offers good long-term potential.

This [redacted] seem like an [redacted] story. Whatever happens in [redacted] short term, market analysts [redacted] always look far ahead, pointing out the inherent strength of Germany's industry and banks and the eventual rewards to be reaped in [redacted] Germany and, much later, in eastern Europe.

At the moment, economic growth is slowing down in west Germany. Gross national product [redacted] down by half a point between the second and third quarters, and next year's *growth will* [redacted] *by no means as* dynamic [redacted] that of the past [redacted] years, which benefited



Source: Datastream

[redacted] the impulses from [redacted] Germany. Prospects in the [redacted] remain uncertain and western Europe [redacted] whole is [redacted] looking buoyant.

But there [redacted] brighter side [redacted] the picture, and [redacted] on which banks and investment [redacted] tending [redacted] concentrate. [redacted] Phillips [redacted] Drew, the UK stockbrokers, noted recently: "Market sentiment surrounding Germany has begun [redacted] improve recently [redacted] investors have started [redacted] the favourable longer-term *growth outlook*."

Expressing only lukewarm views about Paris, which has recently underperformed Frankfurt, it recommended switching into Germany and Switzerland. True, the German market [redacted] not proving exciting in the short term. "However, *in terms of long-term valuations*, it is [redacted] of the cheapest markets. The market currently offers the opportunity to buy more for less."

The argument goes like this. Through reunification, the level of potential growth has risen, with Phillips [redacted] Drew expecting average yearly economic expansion of 3 per [redacted] this decade against the long-term historic average of 2 [redacted] cent. "The boost [redacted] growth arises from the increased fiscal stimulus [redacted] the economy (although this will be reduced) and the higher investment spending and enhanced pool of labour."

The Bundesbank put the *increase in Germany's overall* productive potential next year [redacted] 2.75 per cent, when fixing [redacted] monetary target; [redacted] consisted of between 2 and 2.5 per [redacted] in west Germany and around [redacted] per cent in [redacted] five [redacted] ern states. Latest statistics show [redacted] the bottom has now been reached in [redacted] German industrial output.

While [redacted] certainly [redacted] suggest that [redacted] German recovery [redacted] under way – the [redacted] order figures have been very erratic [redacted] result of economic disruption in eastern Europe, especially in Russia and the other republics – it is certainly a change from all [redacted] gloom of [redacted] months. "Upward forces [redacted] gaining [redacted] upper hand," believes Delbrück, the Cologne private bank. "The financial [redacted] packages [redacted] beginning [redacted] bear fruit in that they are encouraging capital spending and increasing the readiness [redacted] businesses."

With interest rates likely to edge downwards later [redacted] year, inflation [redacted] slow, and wage settlements [redacted] become [redacted] moderate, the outlook for German stocks should brighten. Recent earnings statements, notably from the chemical and engineering sectors, have been generally discouraging. But [redacted] latest [redacted] profits have been positive [redacted] improved results from two of the country's largest companies, Daimler-Benz [redacted] Siemens, have [redacted] the market.

Overall company earnings [redacted] forecast to pick [redacted] the declines of this and last year, *although estimates differ considerably* as to how much. With greater attention from foreign investors – the Japanese are showing renewed interest – the DAX could [redacted] or 2,000.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, [redacted] & Co., [redacted] County [redacted] Mackenzie in conjunction with [redacted] of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures [redacted] show number of [redacted] of stock	THURSDAY [redacted] US Dollar Index	Change %	Sterling Index	Yen Index	DM Index	Local Currency Index	% chg on day	Div. Yield	[redacted] US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1991 High	1991 Low	Year ago (approx)
Australia (69)	147.36	+1.8	120.77	120.85	121.09	127.12	+1.9	[redacted]	[redacted]	[redacted]	[redacted]	118.70	[redacted]	160.31	112.74	120.59
Austria (20)	160.06	+0.3	131.18	130.72	131.52	131.60	−0.1	[redacted]	[redacted]	[redacted]	[redacted]	130.76	131.74	[redacted]	153.86	[redacted]
Belgium (47)	135.39	+0.5	110.96	110.56	111.24	108.68	+0.5	[redacted]	[redacted]	[redacted]	[redacted]	110.43	[redacted]	151.20	[redacted]	138.99
Canada (115)	131.99	−0.3	108.18	107.79	108.45	109.15	−0.3	[redacted]	[redacted]	[redacted]	108.17	[redacted]	[redacted]	[redacted]	[redacted]	129.73
Denmark (37)	254.10	−0.6	208.25	207.52	208.79	212.63	−0.3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	270.56	217.74	[redacted]
Finland (15)	74.30	−0.6	60.90	60.69	61.06	66.73	−0.8	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	67.24	[redacted]	74.30	[redacted]
France (109)	137.13	+1.3	112.39	111.99	112.67	116.16	+1.6	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	114.31	152.25	119.11	143.29
Germany (65)	110.42	+0.0	90.50	90.19	90.73	90.73	+0.2	[redacted]	110.43	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	94.15	[redacted]
Hong Kong (55)	168.59	−0.2	138.17	137.68	138.53	168.26	−0.2	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	176.14	[redacted]	[redacted]
Ireland (18)	157.65	+0.3	129.37	128.91	129.70	131.96	+0.3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	159.67
Italy (77)	69.68	+0.2	57.11	56.90	57.25	62.11	+0.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	88.23	64.76	[redacted]
Japan (474)	128.30	+0.9	105.15	104.78	105.44	104.78	+0.9	[redacted]	127.22	[redacted]	[redacted]	[redacted]	103.90	146.97	118.23	133.31
Malaysia (68)	203.82	+0.4	167.04	166.45	167.47	215.63	+0.4	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	214.67	[redacted]	[redacted]	207.27
Mexico (17)	1224.18	−2.7	1003.30	999.78	1005.91	4070.25	−2.7	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	604.01
Netherland (31)	144.12	+0.2	118.11	117.70	118.42	117.15	+0.5	[redacted]	[redacted]	117.79	117.44	117.86	[redacted]	[redacted]	125.70	[redacted]
New Zealand (14)	45.54	+0.8	37.32	37.20	37.42	43.23	−0.1	6.35	45.19	37.02	[redacted]	[redacted]	43.27	54.64	41.18	44.36
Norway (30)	174.63	+1.6	[redacted]	142.62	[redacted]	147.43	+1.3	1.75	171.84	[redacted]	[redacted]	[redacted]	145.60	223.24	157.08	212.51
Singapore (38)	203.58	+0.3	[redacted]	[redacted]	[redacted]	[redacted]	+0.3	2.25	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	151.63	164.22
South Africa (61)	252.48	−0.9	206.92	[redacted]	[redacted]	176.04	−0.5	[redacted]	[redacted]	[redacted]	[redacted]	208.87	[redacted]	271.99	[redacted]	175.60
Spain (53)	[redacted]	+0.7	[redacted]	119.21	[redacted]	[redacted]	+0.6	[redacted]	[redacted]	[redacted]	118.44	[redacted]	[redacted]	171.12	[redacted]	[redacted]
Sweden (25)	[redacted]	+0.2	[redacted]	[redacted]	139.17	[redacted]	+0.5	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	144.15	[redacted]	[redacted]	168.57
Switzerland (59)	[redacted]	+0.4	[redacted]	77.20	[redacted]	[redacted]	+0.6	[redacted]	[redacted]	77.15	[redacted]	77.21	[redacted]	100.67	[redacted]	[redacted]
United Kingdom (238)	[redacted]	+1.7	[redacted]	[redacted]	[redacted]	[redacted]	+1.7	[redacted]	172.04	[redacted]	[redacted]	[redacted]	[redacted]	187.44	156.27	[redacted]
USA (526)	[redacted]	+1.0	127.41	[redacted]	127.75	[redacted]	+1.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	153.95	161.59	125.95	133.08
Europe (824)	138.48	+1.0	113.49	113.10	113.79	114.31	+1.1	[redacted]	137.14	[redacted]	112.01	112.41	[redacted]	151.52	[redacted]	141.19
Nordic (107)	174.17	+0.0	142.74	142.25	[redacted]	[redacted]	+0.2	2.28	[redacted]	142.73	142.31	[redacted]	[redacted]	200.81	155.56	175.91
Pacific Basin (718)	129.78	+0.8	106.36	[redacted]	[redacted]	[redacted]	+0.8	1.16	[redacted]	105.41	105.11	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Euro–Pacific (1542)	133.57	+0.9	109.47	109.07	109.75	110.72	+1.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	109.66	[redacted]	[redacted]	138.25
North America (641)	153.94	+0.9	126.17	[redacted]	126.52	152.32	+0.9	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	160.44	125.91	[redacted]
Europe Ex. UK (586)	116.76	+0.4	95.69	95.37	[redacted]	[redacted]	+0.7	[redacted]	[redacted]	95.22	[redacted]	[redacted]	[redacted]	[redacted]	103.58	123.92
Pacific Ex. Japan (244)	144.34	+0.8	118.29	117.90	118.61	[redacted]	+0.8	4.21	[redacted]	117.32	117.00	117.41	[redacted]	153.19	[redacted]	118.93
World Ex. US (1735)	135.45	+0.8	111.01	110.63	111.30	[redacted]	+0.9	[redacted]	[redacted]	[redacted]	[redacted]	110.15	111.40	[redacted]	122.32	[redacted]
World Ex. UK (2023)	137.97	+0.8	113.07	112.68	113.38	[redacted]	+0.8	[redacted]	[redacted]	112.15	111.83	112.23	[redacted]	[redacted]	[redacted]	131.01
[redacted] (2200)	140.44	+0.9	115.10	114.71	115.41	[redacted]	+0.9	[redacted]	[redacted]	[redacted]	113.70	114.11	[redacted]	[redacted]	[redacted]	[redacted]
[redacted] Ex. Japan (1787)	149.34	+0.9	[redacted]	121.97	[redacted]	137.52	+0.9	3.57	148.06	[redacted]	[redacted]	121.37	136.25	[redacted]	126.69	136.24
The World Index (2261)	141.18	+0.9	115.71	115.31	116.02	[redacted]	+0.9	2.71	[redacted]	[redacted]	114.32	114.74	124.71	[redacted]	123.28	[redacted]

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Constituent change [redacted] Deletion: [redacted] (U.K.). [redacted] prices were [redacted].

BRITISH [redacted]

	Notes	Price £	+ or −	High	Low	Yield Int.	Red.
"Shorts" (Lives up to Five Years)							
12¾pc 1992‡‡		[illegible]	—	101½	[illegible]	[illegible]	10.16
10pc 1992		[redacted]	—	[redacted]	[redacted]	[redacted]	10.15
2pc IL 1992‡‡		134	[illegible]	134	[illegible]	[illegible]	[illegible]
8pc 1992 ‡‡		[redacted]	[illegible]	[redacted]	[illegible]	[illegible]	10.00
10½pc Cv 1992‡‡		[redacted]	[illegible]	[redacted]	[illegible]	[redacted]	10.17
3pc 1992		[redacted]	[illegible]	[illegible]	[illegible]	[illegible]	7.85
Exch 12¼pc 1992		[illegible]	[illegible]	[redacted]	[redacted]	12.08	[illegible]
13½pc 1992		102	[illegible]	104	102	13.16	10.09
Treas 8¼pc 1993		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10pc 1993‡‡		[illegible]	[illegible]	[illegible]	97	[illegible]	[illegible]
12½pc 1993‡‡		[illegible]	[illegible]	104	102	[illegible]	[illegible]
[redacted] 6pc 1993‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[redacted]	[illegible]
[redacted] pc 1993‡‡		[illegible]	[illegible]	[illegible]	105	[redacted]	[illegible]
8½pc 1994		[illegible]	[illegible]	[redacted]	[illegible]	[redacted]	[illegible]
14½pc 1994‡‡		[redacted]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exch 13½pc 1994		[illegible]	[illegible]	[illegible]	[redacted]	[illegible]	[illegible]
Treas 10pc Ln 1994‡‡		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exch 12½pc 1994		106	[illegible]	107	103	11.7	[illegible]
Treas 9pc 1994‡‡		[illegible]	[illegible]	[illegible]	93	[illegible]	[illegible]
12pc 1995		[redacted]	[illegible]	[illegible]	102	11.3	[illegible]
Exch 3pc Gas 90–95		[redacted]	—	[illegible]	[illegible]	[redacted]	[illegible]
10¼pc 1995		[illegible]	[illegible]	[redacted]	[illegible]	[redacted]	[illegible]
Treas 12¾pc 1995‡‡		[redacted]	[illegible]	[redacted]	105	[redacted]	[illegible]
14pc 1996		113	[illegible]	114	105	12.3	[illegible]
9pc 1992–96‡‡		[illegible]	[illegible]	[illegible]	[redacted]	[illegible]	[illegible]
15¼pc 1996‡‡		118	[illegible]	119	115	12.8	[illegible]
Exch 13¼pc 1996‡‡		111	[illegible]	112	108	11.8	[illegible]
Conversion 10pc 1996		101½	[illegible]	101	96	[redacted]	[illegible]
Five to Fifteen Years							
Treas 13¼pc [redacted]		113	[illegible]	[redacted]	[redacted]	11.7	[illegible]
Exch 10½pc [redacted]		[illegible]	[illegible]	[redacted]	[redacted]	[redacted]	[illegible]
Treas 8¾pc 1997‡‡		[redacted]	[illegible]	[illegible]	[illegible]	[redacted]	[illegible]
Exch 15pc 1997		121	[illegible]	[redacted]	117	[redacted]	[illegible]
9¾pc 1998		[illegible]	[illegible]	[redacted]	[redacted]	[redacted]	[illegible]
Treas 6¾pc 1995–98‡‡		[illegible]	[illegible]	[redacted]	[redacted]	7.60	[illegible]

BRITISH FUNDS - Cont.

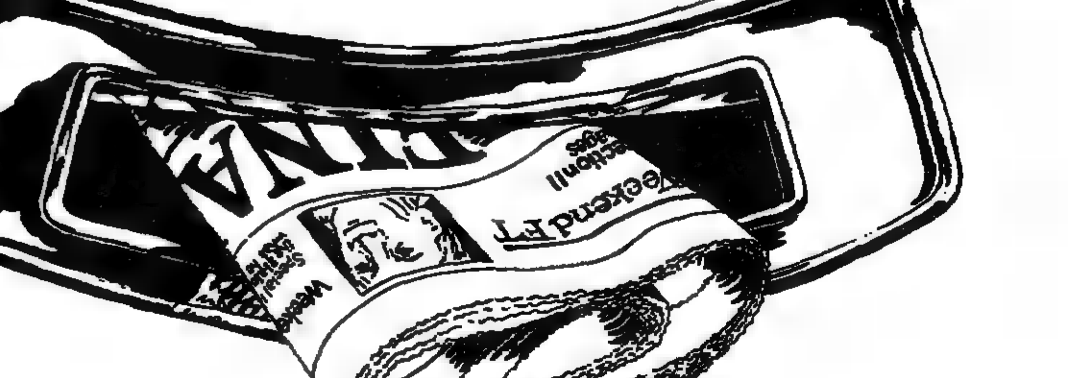
	Notes	Price £	+ or −	High	Low	Yield Int.	Red.
15½pc '98‡‡		[illegible]	[illegible]	129	121	12.18	[redacted]
Exch 12pc 1998		111	[illegible]	111	104	10.79	9.75
Treas 9½pc [redacted]		[redacted]	[illegible]	[redacted]	[redacted]	9.49	[redacted]
Exch 12¼pc [redacted]		112	[illegible]	[redacted]	[redacted]	10.86	9.76
Treas 10½pc 1999		104	[illegible]	104	[redacted]	[redacted]	9.65
Conversion 10¼pc 1999		[redacted]	[illegible]	103	[redacted]	[redacted]	[redacted]
9pc 2000‡‡		[redacted]	[illegible]	[redacted]	[redacted]	9.24	9.46
Treas [redacted] 2000		116	[illegible]	[redacted]	110	11.01	9.83
[redacted] 2001		102	[illegible]	[redacted]	94	9.74	9.55

BRITISH FUNDS - Cont.

	Notes	Price £	+ or −	1991 High	1991 Low	Yield Int.	Red.
Index – Linked							
Treas 2pc '94	(102.6)	122	[illegible]	123	115	2.79	3.79
2pc '96	(67.9)	177	[illegible]	177	168	[redacted]	4.02
2½pc '01	(78.3)	144	[illegible]	[redacted]	137	[redacted]	4.31
2½pc '03	[redacted]	138	[illegible]	[redacted]	133	4.09	4.34
2pc [redacted]	(69.5)	141	[illegible]	143	135	4.16	4.36
2½pc '09	(78.8)	[illegible]	[illegible]	131	124	4.18	4.36
2½pc '11	(74.6)	[redacted]	[illegible]	136	121	4.18	4.35

OTHER FIXED INTEREST

Box clever.



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LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1991 high	low	Mkt Cap £m	Yld Gr's
Abbott Labs		32 13/16 xd	+3/16	34 5/8	20 7/8	14,887	1.7
♥Allegheny & W.		246p	-8	385p	216p	128.9	6.8
Amdahl		725p xd	+25	10 1/4	667p	844.7	0.8
Amer Cyanamid		31 1/8	+1/8	42 1/8	25 3/8	2,812	2.7
Amer Express		10 1/4 xd		17 3/8	9 1/2	4,821	5.5
Amer T & T		20 7/8 xd	+1/16	24 1/2	15 1/4	27,288	3.6
Ameritech		35 3/8	+1/2	38 7/8	32 1/2	15,488	5.4
BankAmerica		19 7/16 xd	+1 5/16	25 3/8	12 5/16	4,088	3.7
Bankers NY		34 15/16 xd	+1/16	38 3/16	20 1/16	2,858	7.8
Bell Atlantic		26 1/4 xd	+1/4	30 1/2	24 1/4	10,323	5.4
BellSouth		27 3/8	+1	31 1/4	25	13,278	5.7
♥Bethlehem Steel		6 5/8 xd		11 1/4	6 3/16	584.6	8.4
Bowater		1077p	-6	1539p	1046p	338.9	6.3
CPC		47 7/8 xd	+1/4	54 5/16	37 3/16	3,918	2.3
California Engy		516p		630p	420p	148.6	–
Campbell Soup		43 1/8 xd	+1/4	50	28 1/4	5,412	1.9
Chase Manhattan		8 3/16	+3/16	12 3/4	5 5/16	1,184	8.0
Chrysler		6 1/4 xd	+1/16	9 3/16	5 1/2	1,791	5.4
Citicorp		5 1/2 xd	+1/8	10 1/8	5 3/8	1,889	–
Colgate-Palm		24 5/8 xd	+1/8	25 5/8	21 3/16	3,536	2.4
Cont'l Bank		488p	-1	920p	430p	473.5	7.2
Dana		14 3/8 xd	+1/4	21 5/8	13 5/16	590.9	6.3
Data General		822p	-13	1282p	203p	228.8	–
Dial		22 13/16 xd	-1/16	25 5/8	12 7/8	966.1	3.4
Dun & Brad		27 7/8	+1/8	29 5/8	[illegible]	4,976	4.4
Eaton		32 1/16	+1/16	40	[illegible]	1,181	3.8
Echlin		9 15/16 xd	+1/16	8 1/2	[illegible]	331.6	6.6
FPL		19 1/2 xd	+1/16	28 1/8	[illegible]	2,305	6.9
[illegible]		[illegible]		[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

CONTRACTING & CONSTRUCTION - Cont.

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING - AEROSPACE

[illegible]

ENGINEERING - GENERAL

[illegible]

ENGINEERING - GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HEALTH & HOUSEHOLD - Cont.

[illegible]

HOTELS & LEISURE

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

هكذا من الأصل

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

MISCELLANEOUS - Cont.

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIAL MATERIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

[illegible]

GUIDE TO LONDON SHARE SERVICE

Company classifications are [illegible] those used [illegible] FT-[illegible] Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. [illegible] and lows are based on intra-day mid- prices.

Where stocks are denominated [illegible] other than [illegible] is [illegible] after the name.

Symbols referring to dividend [illegible] appear in the notes column only as a guide to yields and P/E ratios. Dividends [illegible] Dividend covers are published on Monday.

Market capitalisation shown is [illegible] separately for each line of stock quoted.

Estimated [illegible] ratios are based on latest annual reports and accounts and, where [illegible] updated on half-yearly figures. P/Es are calculated on "net" distribution [illegible] earnings per share being computed on profit after taxation, excluding [illegible] profits/losses and unrelieved ACT where applicable. Yields are based on [illegible], are gross, adjusted to ACT of 25 per cent and [illegible] value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

[illegible]

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FINANCIAL TIMES
Weekend December 14/December 15 1991

FERGUSON ENTERPRISES
Number 1 in plumbing supply - U.S.A.
WOLSELEY plc
[redacted] behind the name.

Anti-global warming measure would be equivalent to $10 on a barrel of oil by 2000

EC energy tax moves a stage closer

By David Gardner in Brussels

EC ENVIRONMENT and energy ministers yesterday gave the European Commission the [redacted] light to bring forward legislation for an energy tax. The first stage, [redacted] effect in 1993, would increase the [redacted] price of petrol by [redacted] per cent, or by about 12p a gallon in Britain [redacted] current prices.

The [redacted] intended [redacted] cut carbon dioxide emissions and combat global warming and would be equivalent [redacted] (£5.5) on a barrel [redacted] oil by the [redacted] 2000, having risen by $1 a year from the initial $3 levy in 1993. The joint council [redacted] ministers has set the target date for [redacted] decision of May next year.

EC finance ministers, who in early October gave [redacted] plan provisional backing, will [redacted] Monday have to [redacted] in principle [redacted] the legislation.

[redacted] yesterday's meeting, Denmark, Germany, Italy [redacted] the Benelux countries came out clearly in favour, while poorer southern countries led by Spain, along with Luxembourg, were [redacted] how [redacted] tax burden would be divided.

The UK agreed in principle [redacted] France [redacted] tilt [redacted] tax more towards fossil fuels, but all gave the go-ahead.

Mr Michael Heseltine, UK environment secretary, said: "We believe [redacted] in principle it is something [redacted] must explore." But [redacted] noted cautiously that more study was needed, saying "there [redacted] bound [redacted] be [redacted] from the competition viewpoint".

The new [redacted] would be split [redacted] equal levies, one [redacted] all non-renewable fuels according [redacted] value, the other targeted on fossil fuels graded according to carbon [redacted].

The Commission [redacted] the full [redacted] would raise prices for power stations and industry by 58 per cent for hard coal, 45 per cent for heavy [redacted] oil and 34 per cent for natural gas.

Households would pay 16 per cent more for light fuel [redacted] and 14 per cent [redacted] for natural [redacted] prices would rise by 11 per cent.

European industry federa[redacted] in [redacted] steel, chemicals, [redacted] and non-ferrous [redacted] yesterday said [redacted] plan should be reconsidered. They said [redacted] would [redacted] Europe internationally uncompetitive [redacted] deter investment. Energy-intensive industries most worried [redacted] the tax would initially be exempt from it, [redacted] until the US, Japan and other EC trading partners adopted equivalent regimes. In the meantime, they would [redacted] subject to voluntary fuel consumption accords.

Mr Andrew Warren of [redacted] European Association [redacted] the Conservation of Energy said yesterday's moves were "an impressive sign to [redacted] of [redacted] that the EC [redacted] inely determined to [redacted] greenhouse effect".

No extra help for house buyers

By Ralph Atkins [redacted] David Barchard

Home, lost [redacted] .....Page 7

THE Treasury [redacted] expected [redacted] any substantial increase in [redacted] for hard-hit mortgage payers [redacted] the government [redacted] to put pressure [redacted] building societies [redacted] reduce sharply [redacted] number of housing repossessions.

At a meeting on Monday, [redacted] be attended by Mr Norman Lamont, the chancellor, [redacted] Mr Tony Newton, social [redacted] rity secretary, leading mort[redacted] lenders [redacted] likely [redacted] told there will be [redacted] increase in public spending.

They will [redacted] asked what they can offer in return [redacted] government granting their long-sought wish for legislation making it mandatory for [redacted] security cover for mortgage interest to [redacted] paid direct to lenders. That, they believe, would stop [redacted] money being spent in other ways.

The chief executives of the top [redacted] UK mortgage lenders have been invited [redacted] the meeting, as well as Mr Mark Boléat, [redacted] director general [redacted] the Council of Mortgage Lend[redacted].

Ministers believe there [redacted] several ways by which mortgage lenders could introduce what would, in effect, [redacted] a moratorium [redacted] repossessions. In a flat housing [redacted] it [redacted] economic sense for building societies not [redacted] turn [redacted] home[redacted] they will [redacted].

However, [redacted] Treasury has [redacted] clear that any extra money will [redacted] to come [redacted] the [redacted] security [redacted] environ[redacted] departments' existing budgets.

Mortgage [redacted] are expected [redacted] tell the government that [redacted] is [redacted] chance [redacted] moratorium on repossessions in cases where mortgage inter[redacted] been unpaid [redacted] long periods.

Halifax, [redacted] largest UK lender, [redacted] recently [redacted] special vetting [redacted] branch network [redacted] every repossession case [redacted] if it [redacted] avoided.

[redacted] largest lenders, [redacted] and Abbey National, both plan [redacted] launch experimental "mortgage-into-rent" [redacted] in [redacted] near future.

But they will [redacted] that [redacted] will only marginally [redacted] number [redacted] repossessions, expected [redacted] 80,000 in both 1991 [redacted] 1992, and will not eliminate [redacted] problem.

The main proposals which building [redacted] expected [redacted] offer the government include:

■ Offering [redacted] contribute [redacted] DSS's administrative [redacted] in [redacted] payment [redacted] benefit.

■ Making special loans [redacted] housing [redacted] to buy repossessed prop[redacted] renting to [redacted] homeless.

■ Taking houses on [redacted] the books of societies so [redacted] their [redacted] can claim housing benefits not [redacted] home owners.

Mr Michael Meacher, Labour's social security spokesman, said: "Once [redacted] the [redacted] is trying to [redacted] the issue and pass the buck to the building societies. But they are already carrying 80,000 families with mortgage debt arrears of over 12 months, 11 [redacted] previous maximum [redacted] 5,500 reached in 1982."

Norman Lamont: rules out [redacted] in public spending

Inflation rise turns attention to economy

By Rachel Johnson, Economics Staff

INFLATION [redacted] in November [redacted] time in [redacted] than [redacted] year [redacted] annual [redacted] per cent, partly because of higher seasonal food prices.

The [redacted] in the [redacted] prices index from October's 3.7 per cent, though predicted in the City, [redacted] higher end of expectations and put [redacted] state of [redacted] economy [redacted] in [redacted] spotlight following [redacted] political [redacted] European union and [redacted] week's Maastricht summit.

The increase suggested [redacted] October's rate, the lowest [redacted] March [redacted], was the low point in the deflationary cycle of [redacted] recession. The [redacted] monthly [redacted] in September 1990.

Mr John Major, [redacted] prime minister, [redacted] the [redacted] in November "a rather irrational distortion" and said it was pro[redacted] by [redacted] way the figures [redacted] calculated on [redacted] year-on-year basis.

"There [redacted] in my mind that we are going to have inflation bubbling at 4 per cent between now and April or May and then it will begin a general [redacted]," he told ITN's News [redacted] Ten.

Last November, [redacted] index fell by 0.2 per cent as a result of the impact of lower mortgage payments and petrol and oil prices.

The fact that [redacted] influences were [redacted], combined with higher prices for food, fresh vegetables, tobacco [redacted] household [redacted] up the index by 0.4 per cent between October and November. Widespread price-cutting by retailers, discounting and [redacted] moving [redacted] January [redacted] November [redacted] not enough to lower the [redacted] increase in [redacted] RPI for [redacted] successive month.

Underlying inflation, [redacted] strips [redacted] mortgage interest payments, [redacted]. This [redacted] increased by 5.7 [redacted] in November compared with the same month a year [redacted] 5.5 [redacted] in [redacted].

Mrs Margaret Beckett, Labour's Treasury spokes[redacted] immediate general election.

"These depressing inflation figures come on top [redacted] bankruptcies, rising unemployment and rising house repossessions," [redacted] The Liberal [redacted] said [redacted] rise in inflation [redacted] "the lie [redacted] Government claims that they [redacted] inflation".

Details, Page [redacted]

THE LEX COLUMN

A festive mood in London

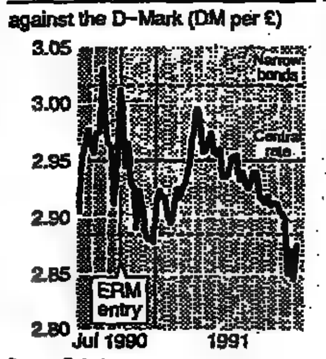
Mr Lamont's renewed assertion yesterday [redacted] the government will not [redacted] when it [redacted] bands within [redacted] ERM [redacted] be [redacted] significant than [redacted] looks. A [redacted] bands [redacted] an [redacted] would scarcely make sense in terms of [redacted] and reward. The only incentive [redacted] be a [redacted] in UK interest rates, which with sterling still below [redacted] cent [redacted] against [redacted] D-Mark could scarcely be guaranteed. The risk, on the other hand, is two-fold: a rise in German interest rates, or a domestic political upset which might renew the pressure on sterling. In either case, narrow bands would simply increase the likelihood of a politically [redacted] rise in UK rates.

That apart, [redacted] equity mar[redacted] faced [redacted] the pressing question of whether it [redacted] engaged in a year-end rally. Given [redacted] profound gloom of recent weeks, a two-day rise of 3 per cent is obviously impressive. Fund managers may start to ask themselves whether a market this volatile might not put on another 100 points by the [redacted] end. In that case, the temptation would be to hedge bets by committing a proportion of the fund's cash now, thus verifying the prediction.

All the same, it remains diffi[redacted] envisage [redacted] rally in more [redacted] tricht [redacted] quickly from [redacted] public mind by comparison with [redacted] Tories' [redacted] enduring [redacted] all, [redacted] worry for the market [redacted] present has to [redacted] with corporate earnings, which may [redacted] may not [redacted] running [redacted] to justify [redacted] level [redacted] dividend [redacted] ments. It [redacted] well [redacted] point out that a large chunk of the market yield [redacted] from [redacted] earners [redacted] and pharmaceuticals. [redacted] corpo[redacted] news concerns [redacted] spending, which [redacted] more depressing by [redacted] day. [redacted] if consumer spending is not [redacted] to [redacted] the [redacted], it scarcely [redacted] if corporate [redacted] ready to do [redacted].

FT-SE Index: 2,451.6 (+28.3)

Sterling



Source: Datastream

Williams/Racal

Williams' decision to [redacted] its stake in Racal [redacted] permitted 10 [redacted] cent looks like a [redacted] of desperation [redacted] extraordinary [redacted]. The [redacted] ties [redacted] some [redacted] in [redacted], may well be designed to emphasise that the bid is serious despite the cheese-paring appearance of last week's increase. But it has a potentially embarrassing downside if the exercise fails.

Williams would either have to sell the stake quickly – at a hefty loss since the bid premium would be gone from Racal's share price – or it could carry the holding as an investment. But that would also be expensive, since the shares would carry a gross yield of less than 2½ per cent on [redacted] price paid. Williams [redacted] this outcome for [redacted] essentially a gamble on the direction of the stock market over the next week.

Despite their 24p gain to 311p [redacted] past week, Williams' [redacted] yet high enough [redacted] bid is home and dry. Nor [redacted] extravagant gesture apparently been enough to tip the balance, with Racal's shares slipping [redacted] night [redacted] 5¼p below the [redacted] current value. Doubtless [redacted] would [redacted] that Williams [redacted] value for [redacted] whatever happens. But Williams cannot afford [redacted] Harrison's propaganda [redacted] Racal's ability to enhance value. [redacted] be tantamount [redacted] admitting [redacted] really was trying to buy the company on the cheap.

Japan

Yesterday's 1,042 point rise in the Nikkei index may have been the biggest in 15 months, [redacted] it would be dangerous [redacted] read much of a trend into it. [redacted] expected to bounce [redacted] the quarterly futures settlement [redacted] passed. Even so, yesterday's closing level of [redacted]754 still leaves [redacted] market back [redacted] it finished after the September settlement date, [redacted] did manage to [redacted] at 25,222 in late [redacted].

That at least suggests a floor in [redacted] 21,500-22,000 range, which is a relief for those worried about the impact on world financial confidence [redacted] Japanese banks being unable to meet their capital requirements [redacted] of falling share prices. But it also shows [redacted] market still reluctant to rise convincingly, [redacted] though by his[redacted] standards Japanese equities are attractive relative to bonds or to US equities. The problem is that the market is still pulled in two directions. Expectations of lower interest rates, normally a powerful positive factor, have revived. Against that [redacted] an unusual degree of worry about economic weakness, bad bank loans, sluggish money supply growth and a poor corporate earnings outlook. The former may push share prices higher: the latter should ensure [redacted] rally does not get out of hand.

David S Smith

Not many companies in the present climate could get away with [redacted] £105m share placing just eight months after a £50m rights issue, not least when their [redacted] price [redacted] underper[redacted] the sector by more than 15 per cent in the meantime. David S Smith, however, has the inestimable advantages of a credible chief executive and a sound-looking destination for the money.

Acquisition targets in paper and packaging do not pop up every day on the continent, so the Kayersberg purchase must be counted something of a coup. The price [redacted] reasonable, if no giveaway: [redacted] of heavy-duty packaging and plastic sheeting seems attrac[redacted] and [redacted] French company is a net buyer of [redacted] paper. This [redacted] significant, [redacted] if all goes according to plan Kayersberg ought to absorb half the [redacted] capacity of Smith's Kemsley Mill when it comes on [redacted]. In Smith's chief [redacted] tive, [redacted] Williams, moreover, investors are backing a man who showed shrewd judgment in masterminding the [redacted] pack buy-out and is [redacted] prepared [redacted] £1m [redacted] his own [redacted] the line.

The main worry for investors is timing. [redacted] improvement in trading likely until next [redacted] at the earli[redacted], the market [redacted] having to look ever [redacted] ahead to justify [redacted] valuations. The risk is commensurately greater. At last night's close of 299p, down 15p, the shares are on a multiple of just under 10 times earnings in 1994, assuming they have quadrupled by that time. That does not leave much margin for error.

Maxwell

Continued from Page 1

"serious misrepresentations" in the [redacted] about Mr Kevin Maxwell's position and "serious suggestions that he [redacted] seeking to co-operate" with the provisional liquidators of Bishopsgate Investment Management, which managed most [redacted] pension money from Maxwell companies.

[redacted] Mr Maxwell was anxious [redacted] help [redacted] the whereabouts [redacted] pension fund money as far as the mat[redacted] within his knowledge.

Yesterday's hearing followed the adjournment on Thursday [redacted] Mr Maxwell's application for more time to comply with a court order to disclose documents relating to BIM's dealings since October 1989. It was agreed [redacted] Mr Maxwell could [redacted] until Monday [redacted] comply.

Soviet trade credits reviewed

By Quentin Peel in Bonn

THE German government will next week [redacted] its export credit guarantee programme to the [redacted] Union, in [redacted] light [redacted] new figures suggesting [redacted] trade exposure could be double [redacted] level previously revealed.

[redacted] including insured and uninsured exports and [redacted] contracts still [redacted] pipeline, could [redacted] much [redacted] DM75bn (£26.3bn), almost [redacted] DM38.4bn already [redacted].

The figures, [redacted] in [redacted] special report [redacted] Finance Ministry to [redacted] budget commit[redacted] Bundestag (Lower House), show a dramatic increase in German [redacted] exposure [redacted] the [redacted], and [redacted] possibility of [redacted] rapid rise [redacted] action [redacted] limit [redacted] exposure.

[redacted] officials [redacted] the [redacted] and economics ministries said [redacted] was highly unlikely [redacted] government would halt export [redacted] guarantees. "We [redacted] not [redacted] to put another nail in [redacted] Soviet coffin," [redacted] a finance ministry official.

At the same time, if east German factories lost their Soviet orders, [redacted] have little option but [redacted] close, compounding [redacted] the [redacted] economy.

Hermes, Germany's leading export credit agency, [redacted] agent [redacted] the government in providing trade guarantees. The report paints a deep[redacted]simistic picture [redacted] Soviet [redacted] the collapse of [redacted] external trade.

It reveals [redacted] the [redacted] debt [redacted] Soviet Union to Germany [redacted] from a total [redacted] DM19.6bn in September [redacted] November last year. During that period, uninsured trade increased from DM8.7bn to DM11.6bn, but Hermes-guaranteed exports soared from DM10.9bn [redacted].

The Finance Ministry [redacted] cover had been agreed "in principle" [redacted] another [redacted] of [redacted] exports, and [redacted] DM25bn in contracts [redacted] awaiting approval. The ministry estimates perhaps one third [redacted] latter [redacted] likely [redacted] be approved, and therefore, including inter[redacted] payments, [redacted] DM14bn-15bn should [redacted] likely exposure.

[redacted] winter, Page 2

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Daimler-Benz	717	+	10
Dragerwerk	293	+	8
Porsche	535	+	15
Falls			
Colonia Kn:n	860	–	20
Holzmann Ph	968	–	21
Leifheit	[redacted]	–	28
[redacted]			
Rises			
AMR	63⅝	+	1⅛
Delta	61⅞	+	⅝
[redacted]	25⅝	+	⅝
Gen Motors	28⅝	+	½
UAL	128	+	3¾
Falls			
Arkla Exp	10⅛	–	⅜
[redacted] York [redacted] at 12.30pm			
Paris (FFrs)			
[redacted]			
[redacted]	619	+	39
Cetelem	[redacted]	+	40
Fonc Lyonnaise	639	+	25
Geophysique	505	+	[redacted]
Falls			
Axa	[redacted]	–	8
Chargeurs	883	–	13
Tokyo (Yen)			
Rises			
Daito Wool	[redacted]	+	[redacted]
Godo Shusei	2100	+	[redacted]
Japan Sec	1680	+	[redacted]
Nippon Carbide	[redacted]	+	88
Shimura Kako	970	+	[redacted]
Toei	881	+	[redacted]
London (Pence)			
Rises			
Bentalls	148	+	14
BP	297½	+	9½
CMW	81	+	11
Dale Elect	102	+	10
[redacted]	346	+	11
GKN	[redacted]	+	12
Granada	[redacted]	+	7½
ICI	[redacted]	+	[redacted]
Ladbroke	[redacted]	+	7
London Intl	[redacted]	+	9
Lonrho	[redacted]	+	6
Marks Spencer	[redacted]	+	7
[redacted]	210	+	11
Wardle Storeys	354	+	16
Falls			
ASDA	[redacted]	–	2
Brown Shipley	214	–	6
Dowty	135	–	13
Lopex	34	–	6
News Corp	[redacted]	–	26
Smith (David S)	299	–	15
Stanhope Props	[redacted]	–	4
Tesco	225	–	[redacted]

Sterling

Continued from Page 1

[redacted] raised the prospect [redacted] lower [redacted] rates, higher domestic activity and [redacted] profits.

"The feeling is building that the Tories' weekend lead [in the opinion polls] could stretch to 5 points, bolstering the pound and helping the case for [redacted] and a spring election," said Mr Roger Bootle, of Greenwell Montagu.

There was speculation that sterling [redacted] be moved [redacted] the narrow bands – leaving only the [redacted] in [redacted] bands – either before [redacted] early [redacted] a [redacted] period [redacted] trading around [redacted]. After Mr [redacted] comments, sterling traded [redacted], the lower limit of what would be its narrow bands with a central rate of DM2.95 in the ERM.

Soviet army

Continued from Page 1

yesterday that he had every intention of being president when [redacted] greets Mr Baker on Monday.

He was quoted as saying that while [redacted] president is still hurt that the commonwealth [redacted] ment [redacted] signed [redacted] back", he [redacted] to [redacted] "constructive" work with Mr Boris Yeltsin, the Russian president, "[redacted] during the period of transition".

Mr [redacted] was yesterday snubbed by Mr Nurultan Nazarbayev, the president [redacted] Kazakhstan and the unofficial leader of the [redacted] Central [redacted]. Mr Nazarbayev said after [redacted] meeting in [redacted] "as [redacted] as [redacted] is concerned, it's time he stopped concerning himself with future bloodshed and great misery", [redacted] reference [redacted] Mr [redacted]rbachev's Cassandra-like [redacted] in recent days.

The five Central Asian presidents, representing states which are heavily dependent on [redacted] the [redacted] for energy and other supplies, issued a statement saying that they "declare their [redacted] equal co-founders [redacted] the Commonwealth of Independent States, taking into account [redacted] interests of all their subjects".

However, Mr Saparmurad Niyazov, [redacted] Turkmenistan president, [redacted] if [redacted] claim for equal rights was not granted "then [redacted] Central [redacted] would not sign the agreement on the Commonwealth of Independent States, and would find other forms".

WORLDWIDE WEATHER

Today: Frosty at first with fog patches. It will become brighter later but south-west England, south-west Wales and western Scotland will have showers later in the afternoon.
Outlook: Rain will spread across Scotland and Northern Ireland [redacted] into Wales and the north on Monday.

		°C	°F
Ajaccio	S	13	55
Algiers	S	15	59
Amsterdam	C	3	37
[redacted]	C	7	45
Bahrain	[redacted]	25	77
Barcelona	[redacted]	11	52
Belfast	R	8	46
Belgrade	S	1	34
Berlin	S	3	37
Biarritz	F	10	50
Birmingham	S	2	36
Blackpool	C	5	41
Bombay	[redacted]	30	86
Bordeaux	S	8	46
Boulogne	S	3	37
Bristol	S	4	39
Brussels	S	5	41
Budapest	[redacted]	-3	27
Buenos Aires		–	–
Cairo	F	13	55
Cape Town	S	24	75
Cardiff	F	[redacted]	36
Chicago †	S	1	34
Cologne	S	3	37
Copenhagen	Dr	6	43
Corfu	S	10	50
Dallas †	F	12	54
Dublin	C	7	45
Dubrovnik		–	–
Edinburgh	C	7	45
Faro	[redacted]	[redacted]	57
Florence	[redacted]	[redacted]	41
Frankfurt	[redacted]	-4	25
Geneva	C	-2	28
Gibraltar	C	15	59
Glasgow	C	8	46
Guernsey	S	[redacted]	46
Helsinki	C	[redacted]	37
Hong Kong	S	21	70
Innsbruck	[redacted]	0	32
Inverness	[redacted]	10	50
Isle of Man	[redacted]	8	46
Istanbul	[redacted]	3	37
Jersey	[redacted]	[redacted]	49
Johannesburg	[redacted]	25	77
Las Palmas	S	21	70
Leeds	C	5	41
Lisbon	S	10	50
Locarno	[redacted]	3	[redacted]
London	S	7	45
Los Angeles †	Fg	9	48
Luxembourg	S	1	34
Madeira	R	18	64
Madrid	C	10	50
Majorca	S	14	57
Malaga	C	15	59
Malta	[redacted]	[redacted]	57
Manchester	C	4	39
Melbourne	F	19	66
Mexico City		–	–
Miami †	F	22	72
Milan	[redacted]	4	39
Montreal †	C	6	43
Moscow	Sn	0	32
Munich	[redacted]	-6	21
Nairobi	F	23	73
Naples	S	10	50
Nassau		–	–
Newcastle	C	8	46
New Delhi	S	22	72
New York †	R	12	54
Nice	S	10	50
Nicosia	[redacted]	14	57
Oporto	[redacted]	13	55
Oslo	F	[redacted]	[redacted]
Paris	S	3	38
Peking	S	4	39
Perth	[redacted]	26	79
Prague	S	-6	21
Reykjavik	C	0	32
Rhodes	S	10	50
Rio de Janeiro		–	–
Rome	[redacted]	[redacted]	48
Salzburg	S	-9	16
S'Francisco †	S	7	45
Seoul	F	3	37
Singapore	F	30	86
[redacted]	F	[redacted]	45
Strasbourg	Fg	[redacted]	21
Sydney	R	18	64
Tangier	C	16	61
Tel Aviv	F	9	48
Tenerife	C	21	70
Tokyo	S	11	52
Toronto †	C	9	48
Tunis	F	13	55
Valencia	R	10	50
Vancouver †	S	1	34
Venice	S	8	46
Vienna	S	-8	18
Warsaw	[redacted]	0	32
Washington †	C	13	55
Wellington		–	–
Zurich	C	-4	25

Temperatures at midday [redacted] † Noon GMT temperatures C – Cloudy Dr – Drizzle F – Fair Fg – Fog H – Hail R – Rain S – Sunny [redacted] Sn – Snow T – Thunder

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Weekend FT
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Weekend December 14/December 15 1991

Millionaire peasants lead the revolution in wine

Drinkers have never had it so good, says ***Jancis Robinson.*** *But growers have never had it so bad*

JEAN-PAUL Amiel was born a generation too late and he knows it. At 44 he is a *negociant en vin*, a bulk wine merchant of the sort which the world no longer needs. He sits in an air-conditioned but ominously quiet office next to the gloomy warehouses that constitute the family business in Trèbes, in the vinland of southern France.

In each warehouse a forest of vats stands three storeys high for blending wine *at its most basic, the vin de table* that can sell for as little as FFr2.4 (24p) a litre. Wine rarely spends more than a week here before being pumped into a road tanker and trundled off to one of the customers on Amiel's shrinking list.

The decline in his business is a symptom of a worldwide revolution in wine drinking habits: although wine has never been more valued, more widely available nor so competitive in quality, it has never been drunk less.

Since the happy-go-lucky 1960s, when Jean-Paul's father, Roger, was in charge of the business, French consumption of *vin de table* has plummeted. In those days, every Frenchman over 14 drank an average of about 2.3 litres of *vin ordinaire* every week, compared with less than a litre now. In Roger's day there were 20 *negociants en vin* in Carcassonne alone and another 30 in nearby Lézignan-Corbières. Only 17 are left in the whole of the Aude département, and Roger tells his son it is now a profession for fools.

This fall in the fortunes of producers of ordinary wine has been matched by a huge improvement in the opportunities for wine drinkers. The quality of wine generally available is unprecedentedly high, while many different forces are keeping prices down, including the prospect of more and better wine from eastern Europe and South Africa.

Wine drinkers in Britain or the US might imagine that the Amiels and their like have fallen victim to competition from the winemakers of the New World. However, the explanation for the stagnant pond at the bottom end of the wine market is much closer to Trèbes. The vineyards of southern France, now in direct competition with Italy, Spain and Greece, are producing far more table wine than could possibly be *consumed* by *today's* increasingly discerning consumer.

For more than a decade, the European Commission has grappled with the overproduction of its most fragmented agricultural sector, *one dominated not just* by peasants but by militant peasants (as witness two bombings in the Midi last summer). There have been subsidies to distil wine surpluses, and financial rewards for grubbing up inferior, over-productive vine types – in effect a retirement bonus for less committed growers.

The EC wine lake remains embarrassingly deep: 2.8bn litres of surplus plonk, enough to fill the Serpentine lake in Hyde Park, London, more than ten times. That is more than 10 per cent of the world's entire 1990 vintage, far more than the production of the US and Australia combined.

Under the Brussels plan 2.3bn litres should have been distilled into raw alcohol last year. Abuse [redacted] this cumbersome scheme and its vine-pulling counterpart is common; in Sicily the landscape is dotted with new wineries deliberately generating huge quantities of wine for the community's alcohol lake.

Even so, all the money spent siphoning off the wine lake and tearing out vineyards cannot solve the basic problem. The world is drinking less wine every year. So, as each target for cutting production is met, it must be replaced by a lower one.

Every *one of the world's six biggest* wine markets – France, Italy, the US, USSR, Spain and Argentina – shrank in the 1980s or is doing so now. In France, more than half of all adults say they never drink wine, and those who do are more likely to eke out a bottle marked *Appellation Contrôlée* than to use wine as a past generation did, as an anonymous lubricant bought in quantity by the plastic cubitainer or returnable star-embossed litre. In France, and indeed the whole of the world, quality is the key. Colin Anderson of BA, a substantial wine buyer for 40 years, says: "I am still gobsmacked by the improvements in wine qualities at all levels."

Even the world's biggest producers of wine for the masses, the brothers Gallo of California, so powerful that they can manufacture not just "Hearty Burgundy" in the hot Central Valley of California but also the flagons to put it in, are planning a "cork-finished" (*sic*) 1990 estate-bottled Cabernet priced at $60 (£33.30) a bottle.

"The wine industry is no different from any other," Ernest Gallo told the *Wine Spectator* magazine last summer. "You can't stand still, because you are in competition with many other beverages, and unless we *keep on improving our products*, we can't expect them to grow."

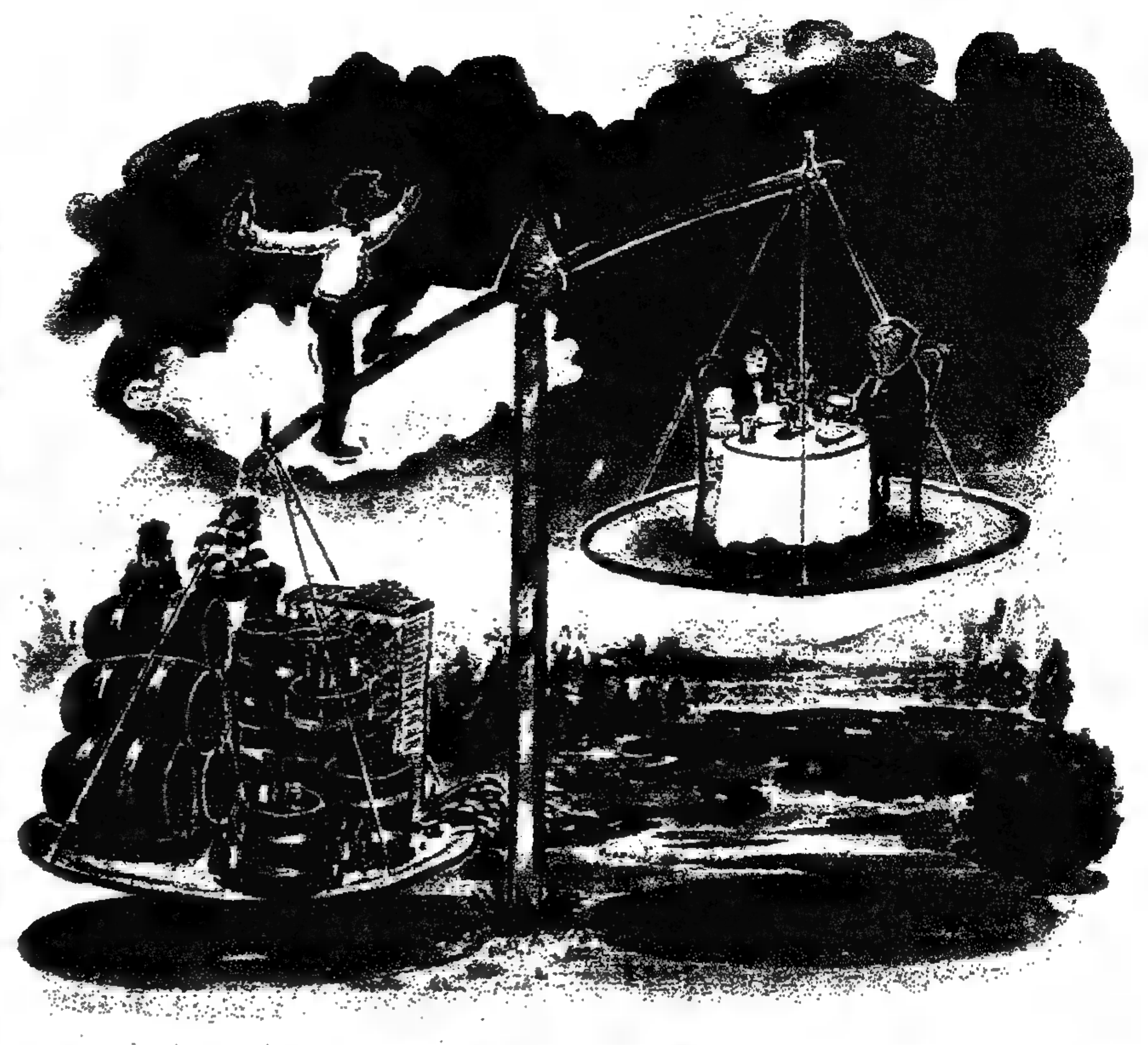
Paradoxically, while wine is not drunk in the quantities it was in the 1970s it has never enjoyed such acclaim and respect. *Tabloids and supermarkets* use it *as a* short-cut to go up-market. It may be widely available, but it is still seen as smart. Someone who knows about wine is not a drinker but a connoisseur. Wine, *intriguingly elevated in this respect above* food, has joined art and antiques as an accoutrement of social ascent. Christie's and Sotheby's run courses and seminars in it, on it and expensively awash with it.

"There are certain things people *feel* they ought to know about," reports Lulu Grimes of Christie's Education. "Like our 'introduction to opera' and 'introduction to interpreting paintings', our six wine courses a year fill up incredibly quickly."

Connoisseurship has become an international sport. Collectors gather in flashy restaurants for the vinous equivalent of stamp swapping. There is an international forum for discussion of wine and, more important, an international scoreboard. Wine shows, journals and newsletters can make or break the reputation of a wine or a producer.

In the US, the publication of each issue of *The Wine Advocate*, a newsletter from marathon taster Robert Parker, is followed by a flurry of faxes around the world as merchants and collectors fight over wines to which he has awarded more than 90 points out of 100. Those scoring less than 80 become practically unsaleable in the US.

In a contracting market in which consumers are becoming ever more sophisticated and informed, it is hardly surprising



that wine tastes so good. But the rise in wine quality at all levels would have happened even if wine writing (including the wilder, oakier, more blackcurranty shores of winespeak) were outlawed.

The modern revolution in wine-making began in California. The renaissance of [redacted] Coast wine in the west sent waves of panic through the vineyards of France in the early 1980s, especially when the dollar [redacted] weak. It was the best thing that could have happened to French wine. Although the French wine industry was investing in training and technology, each time a California Cabernet Sauvignon "beat" the first growth bordeaux on which it had been modelled it hastened improvements.

Innovations in the vineyard are still [redacted] those [redacted] the cellar [redacted] heat exchanger can be installed within days, vines take three years before they even produce a decent crop and are expected to earn their keep for 30 years or so) but they, too, reflect a level of international communication that was unthinkable even 20 [redacted] ago.

Today, [redacted] producers with serious [redacted] explore [redacted] old world techniques. The old world concentrates on extracting from densely planted vines the maximum expression of a particular site. In the new world – and especially New Zealand and Australia – the emphasis is on making a technically perfect example of a certain grape variety. But distinctions [redacted] old [redacted] new worlds [redacted] being [redacted] – a nightmare for "[redacted] tasters" – so [redacted] the [redacted] marked [redacted] between the two wine cultures is the time allowed for lunch.

Really [redacted] can make [redacted] mark on two vintages [redacted] in [redacted] hemisphere. This may explain why Australia's [redacted] the world's wines seems out [redacted] proportion to [redacted] production [redacted] less [redacted] per cent of them. A [redacted] with [redacted] probity is spreading slowly but surely from the tasting [redacted] of [redacted] around Europe and beyond as more [redacted] Australian-[redacted] winemakers infiltrate cellars smellier than they [redacted] used to. ("Dirty French wine", cry Australian wine tasters).

For once it is not the consumer who is paying [redacted] improvement in quality. The relative price of wine has [redacted] remarkably [redacted] throughout [redacted]. One factor has [redacted] Millionaire [redacted] Syndrome, where financially successful [redacted] otherwise intelligent

WHY WINE [redacted] MUCH BETTER

[redacted] – application of the second, "malolactic" fermentation making softer, earlier maturing reds.
1970s – introduction [redacted] vineyard [redacted] against rot and disease, temperature control during *fermentation* [redacted] *keep flavour in and* combat early wine demise, stainless [redacted] improve hygiene [redacted] gentler presses to diminish astringency.
[redacted] – Gradual mastery [redacted] casks, discarding [redacted] substandard grapes, selling [redacted] substandard [redacted] bottling of [redacted] wine under [redacted] or even third label, greater understanding of ripeness [redacted] improved harvesting techniques resulting in richer, less [redacted] wines, [redacted] ideal sites for specific [redacted] varieties in the [redacted] world [redacted] greater understanding [redacted] the vine and [redacted] the winemaker that determines quality.

[redacted] choose [redacted] write [redacted] part of their *fortune scratching dirt and producing* wine. It began in California, where the explosion of new wineries in the 1990s [redacted] entirely [redacted] the fashionably [redacted] aura that still surrounds [redacted] commodity whose total production and marketing [redacted] controlled by [redacted] person – [redacted] well [redacted] helpful [redacted] and rising property values (these people are [redacted] idiots). Now, [redacted] spite of the problems of over-supply, [redacted] syndrome has broken out in Europe. The head [redacted] Cartier regards his showpiece wine farm in Cahors [redacted] spiritual home, for example.

During the 1980s, France's smartest vineyards, *mostly* [redacted] Bordeaux, [redacted] also [redacted] by the banks, the insurance companies and, [redacted] a lesser extent, by foreigners. Companies such [redacted] Axa [redacted] Suntory have invested in replanting vineyards and *extending* [redacted] *re-equipping cellars.* Vineyards have become [redacted] productive, [redacted] sprays [redacted] fertilisers (vine-growing [redacted] considerably less ecologically sound [redacted] suggests). There will doubt-[redacted] *unbundling* [redacted] *corporate* [redacted] remain unmoved by the glamour [redacted] wine. [redacted] there should be no shortage of [redacted] buyers with dreams [redacted] 100-point vintage.

[redacted] the *beneficiaries of* all [redacted] competitive dedication. [redacted] seems [redacted] bring [redacted] entrants in [redacted] produce the best [redacted] in the world, and those near the winning post seem prepared [redacted] make [redacted] sacrifices.

There [redacted] every indication [redacted] wine will go [redacted] tasting [redacted] improvements are [redacted] continue to [redacted] down [redacted] ranks. What a first growth [redacted] this [redacted] be adopted in the new world next [redacted] and [redacted] the [redacted] regions the [redacted] after. [redacted] only [redacted] question hangs over [redacted] price, [redacted]ticularly in [redacted] prices ought [redacted] down, but where [redacted] widespread phylloxera louse [redacted] European wine production in the [redacted] century [redacted] have to be paid for.

Many [redacted] prepared [redacted] play the [redacted] quality-driven [redacted] are dying off. Jean-Paul Amiel [redacted] bought a [redacted] wine farm up in the hills of the nearby Minervois appellation. [redacted] annual produce would hardly fill [redacted] of [redacted] blending vats but [redacted] Lecugne, proudly carrying his own name, gives him inordinate pleasure. There [redacted] only one problem with this wine. "Do you have [redacted] suggestions [redacted] to who might buy it?" [redacted] asked.

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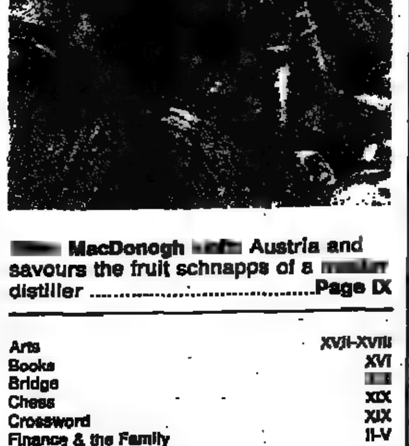

[redacted] MacDonogh [redacted] Austria and savours the fruit schnapps of a [redacted] distiller ....Page IX

The Long View/Barry Riley

Sugaring the pill in 1991

BUY ON the bullets, sell in September, turned out to be the right backward-looking strategy for the UK equity investor in 1991. But economically [redacted] will be remembered as the year of the recovery that never was. Britain started to wake up to what a [redacted] might mean.

A year ago I was positive [redacted] the prospects [redacted] the stock market, arguing that stock markets enjoy some of their richest pickings in recession [redacted]. In *fact,* [redacted] *much of 1991 I have been wor*ried that I might have been too cautious in suggesting that [redacted] main [redacted] would be [redacted] more than "somewhat higher" in another 12 months. Indeed, [redacted] *peak in early September,* [redacted] All-Share Index was showing a 24 per cent gain on its end-1990 level. There [redacted] a straight [redacted] per [redacted] the [redacted] in mid-January [redacted] of the *Gulf* [redacted].

[redacted] the autumn has prov[redacted] to be disappointing and the sharp profits recovery built into the market's valuation [redacted] materialising. The [redacted] predicted by the Treasury – for after the middle of the year, and then before [redacted] the year – may [redacted] depend on the rather [redacted] of spring. This leaves [redacted] All-Share gain cut back by nearly half, despite [redacted] jump in [redacted] couple of days.

The year began [redacted] John Major settling in [redacted] Number Ten Downing Street, and the British [redacted] beginning to adapt to full membership of the European Monetary System. The *big political attraction of the EMS had* been [redacted] potential honeymoon [redacted], and [redacted] duly materialised, with short-term [redacted] coming down in seven half-point steps from [redacted] to 10½ per cent between February [redacted] September, and inflation tumbling from [redacted] 10 per [redacted] year [redacted] on the latest reading published yesterday.

But the tragedy for Major was his inability to capitalise [redacted] this at the polls. [redacted] gamble with entering [redacted] exchange rate mechanism was that the honeymoon would last between six and 12 months, [redacted] that subsequently the choices [redacted] between a vicious [redacted] and a devaluation. [redacted] John Major passed [redacted] his June option [redacted] have sealed his government's [redacted].

This autumn [redacted] Treasury black box has been duly disgorging predictions [redacted] recovery, but the computer does not seem to have [redacted] programmed to respond to the disasters in the monetary sector.

At least the dangerous growth in the broad money stock has slowed: two [redacted] it was 18 per cent [redacted]-year, 12 per cent a year ago and [redacted] 6 per cent. But this still leaves bank and building society sterling lending [redacted] a surely unsustainable £600bn. Almost half of this debt is owed *by home buyers, and arrears and* repossessions are mounting fast. As for corporate lending, there are new shock [redacted] day.

Such over-indebtedness has been [redacted]cessfully [redacted]wound in previous recessions, but largely through inflation. In 1975, for example, [redacted] real borrowing [redacted] for a [redacted] *buyer* [redacted] *something like* [redacted] 15 per cent, but as we move into 1992 it could be about plus [redacted] per cent for [redacted] borrower who [redacted] over [redacted] £30,000 [redacted] government has not understood how the pressure points within the British economy have changed. Now, debt can only be reduced through repayment or [redacted].

[redacted] September [redacted] problems have become [redacted] evident. [redacted] downward drift of interest rates has been halted by the need to preserve a risk premium *over high German rates, although* American short [redacted] have continued to fall. A strong prospective rise in UK government borrowing [redacted] confirmed, [redacted] interest [redacted] long-dated gilt-edged have [redacted] to rise. Still, over the year gilt yields have [redacted] 9.5 per cent, [redacted] the [redacted] return on gilts at [redacted] cent [redacted] a little more than on equities (another sign of how [redacted] ground rules have changed).

Within the equity market, [redacted] have been awkward trends, notably the ballooning of the health and household sector because [redacted] the enthusiastic [redacted] recession-proof growth stocks. [redacted] and Wellcome have doubled [redacted], and they [redacted] jointly represent more than 6 per cent of the All-Share market capitalisation. [redacted] fund [redacted] not hold these two stocks has – other things being equal – underperformed by 2½ [redacted] cent during [redacted]. This [redacted] sound all that much, but it is the equivalent [redacted] being left for dead.

Certainly [redacted] been [redacted] wretched year for unit trust performance. Most of the UK funds [redacted] track the All-Share [redacted] have achieved top quartile performance – [redacted] is, the computers have left most of the human *managers far behind. As for pension* funds, they have probably benefited from their overseas equities (the world ex UK index is [redacted] 17 [redacted] cent) but [redacted] overwhelming exposure to equities [redacted] *per cent in many cases)* is [redacted] *some* head-scratching.

[redacted] market leader Mercury [redacted] Management plunged into bonds early in [redacted] year, [redacted] though it initially *seemed to* [redacted] *got* [redacted] *wrong* the decision should have paid off more recently. Other managers are watching [redacted] worrying, [redacted] consensus, [redacted] only shifts very *gradually*.

It has therefore been a year of transition, but as this week's histrionics at Maastricht have shown, the [redacted] is [redacted] from being [redacted] British government [redacted] after its inflation option, perhaps because it feels that there is no other way to help dig the British banking system out of its hole.

Certainly [redacted] and building societies have found themselves at the focus of trouble [redacted]. The clearing banks thought they [redacted] written [redacted] their problems in 1990, but [redacted] discover that bad debts in 1991 could be even worse. The building [redacted] the impossible happened, and house [redacted] began [redacted] fall in nominal terms.

Maybe it is appropriate that in 1991 the [redacted] tablets have [redacted] out on top.

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London Markets

Isolation can be splendid

THE RIGHT [redacted] run for mayor [redacted] is inalienably conferred upon every citizen of the new Europe by [redacted] small print of the political union treaty agreed this week. [redacted] the Single Market, [redacted] welcome the Single Pork Barrel.

With [redacted] citizen [redacted] the Union allowed to run for local office in any member country, a [redacted] of carpet-bagging stretches ahead.

On balance, [redacted] course, this is [redacted] important effect of the Maastricht deliberations. But following [redacted] Law of Unforeseen Consequence (which [redacted] that the potential [redacted] of [redacted] action will be quicker, more certain and more prominent than the good ones) [redacted] be sure [redacted] this [redacted] will arrive more speedily than [redacted] the [redacted] laid [redacted] for the [redacted] treaty.

[redacted] task – promoting throughout the Community the "harmonious and balanced development [redacted] economic activities, sustainable and non-inflationary growth respecting [redacted] environment, [redacted] high degree [redacted] economic performance . . . and economic and [redacted] solidarity between Member States" – might [redacted] da[redacted].

[redacted] performance [redacted] UK equi[redacted] in [redacted] days [redacted] the treaty was agreed, however, implies [redacted] it [redacted] one [redacted] from Maastricht to the millenium. [redacted] languishing below [redacted] for much of the past week, the FT-SE index jumped [redacted] points on Thursday, to close at [redacted] and [redacted] on Friday up another 28.2 points, [redacted] 2451.6, a [redacted] of 62.9 on the week. Gilt yields [redacted] dropped roughly an eight of a point in the past week, with the long bond yield now well under [redacted] per cent.

The markets were [redacted] so much celebrating the substance of [redacted] was agreed in Maastricht, of [redacted] as the manner of its achievement: one that reflected enough credit on John Major to permit hopes of a general election victory by [redacted] next year.

[redacted] the [redacted] between [redacted] newspaper headlines stressing victory for Major and [redacted] in other countries which mostly [redacted] something like "[redacted] en Manche, Britanniques isolés". And hence the contrast between the scale of the rally in London and [redacted] rather subdued [redacted] (of equities, [redacted] least) in [redacted] European markets.

There were other [redacted] work in the UK [redacted] that [redacted] market [redacted] undervalued from [redacted] 5 [redacted] yield [redacted] the FT-Actuaries All-Share index, meant that [redacted] market [redacted] likely to rally briskly on the [redacted] bit [redacted] good [redacted]. Strong perfor[redacted] New York and Tokyo helped. And technical analysts were predicting a bounce back in London from the low levels of mid-week. Yet the underlying uncertainties – about when the economic recovery would really be confirmed and how strong it would prove to be – remain.

Norman Lamont's announcement on Friday that when [redacted] ling [redacted] the narrow bands of the ERM, it will [redacted] so on the current central parity of DM 2.95 underlined [redacted] narrow tightrope on which government policy – and the markets – are walking. By ruling out a [redacted] adjustment [redacted] the pound [redacted] entering the nar[redacted] bands, he helped sterling to build on the [redacted] that had followed Maastricht. The pound immediately jumped from DM2.86 to DM2.88, with some dealers saying it would soon be back above DM 2.90.

Yet though sterling may now be able to shrug off any raising of German interest rates when the Bundesbank meets next week, the depressing influence on UK economic activity and corporate profits of the monetary squeeze on the continent continues. Friday alone brought [redacted] a restrictive monetary policy for [redacted] in Switzerland, despite that [redacted] omy's lengthy [redacted] and [redacted] up of [redacted].

It [redacted] not [redacted] much [redacted] uncertainty in [redacted] months – [redacted] as [redacted] rancorous debate in Germany on ratification of the Maastricht treaty, raising the possibility that Emu might never happen at all – to tip the balance between greed and fear decisively in the coward's direction. On such occasions, traditional measures of stock market valuation [redacted] – for the moment.

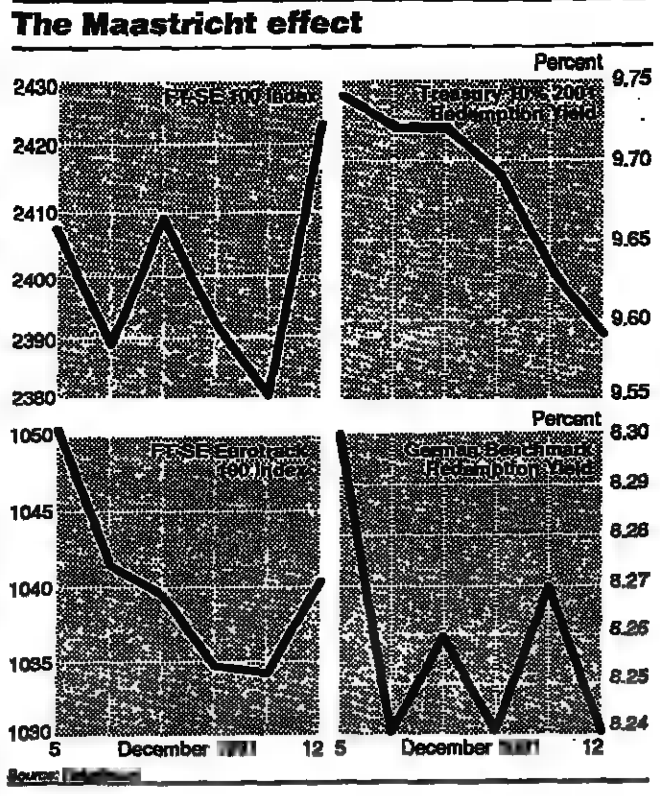
* * *

[redacted] a number of abrupt [redacted] individual [redacted]. On Tuesday, Redland [redacted] the building [redacted] Steetley, in [redacted] attempt [redacted] frus[redacted] Steetley's planned joint [redacted] with Tarmac. Steetley shares, which had been trading around 250p last month, rose [redacted] day of Redland's announcement. By Friday's [redacted] the [redacted] (0.85 Redland share for [redacted] one [redacted] ley's, with part-cash alternative) valued Steetley [redacted] 368p; the market was [redacted] them at 344p, a rise of 89p on the week.

On Wednesday, Fisons shares fell 47p [redacted] 330p, reflecting market unhappiness with delays in US authorisation for two of its drugs. Dis[redacted] tempered by [redacted] thought [redacted] might [redacted] predators. The [redacted] the [redacted], down [redacted].

[redacted] Lasmo [redacted] for [redacted] closing [redacted] of its [redacted] to [redacted] Ultramar, its shares recovered from their lows. Before [redacted] started, with Lasmo [redacted] and Ultramar [redacted] 277p, [redacted] Lasmo [redacted]. By Thursday evening, the new daily market capitalisation fig[redacted] in [redacted] FT [redacted] the market now valued both companies [redacted] less than it had before – but Lasmo [redacted] the [redacted] loser, [redacted] Ultramar [redacted] now worth 1 per cent more than [redacted] would-be [redacted]. The closing date for [redacted] bid [redacted] Wednesday, with [redacted] less [redacted] than [redacted]. Ultramar closed [redacted] week [redacted] 15½p; [redacted] 253p, unchanged.

Peter Martin



Source: [redacted]

HIGHLIGHTS OF THE WEEK

	Price y'day	Change [redacted]	1991 High	[redacted] Low	
FT-SE 100 Index	2451.6	+62.9	2679.6	[redacted]	[redacted]
[redacted]	70	-10	135	[redacted]	Bear [redacted]
[redacted] (William)	204	-17	274	[redacted]	Profits warning
[redacted]	254	+16	294½	216	[redacted] Turnbull buy recmdtn.
British [redacted]	330½	-11½	423½	288	[redacted] BT "new" disappoints
[redacted]	575	+37	601	[redacted]	Mercury [redacted]
Fisons	346	-26	[redacted]	[redacted]	Profits warning
Forte	226	-12	302	206	[redacted] downgrades
GEC	194½	+16½	222	166	BZW/Warburg buy [redacted]
Lec Refrigeration	305	+47	330	[redacted]	Founder's death prompts bid spec.
[redacted]	265	+34	295	206	High [redacted]
Shandwick	45	-80	145	[redacted]	[redacted] from company
Steetley	344	+89	424	252	Redland launches [redacted]
Tarmac	130	+13	283	[redacted]	Threat to [redacted]
[redacted]	347	-21	416	[redacted]	Analyst's [redacted] in profit forecast

Serious Money

Maastricht and the private investor

By Philip Coggan, Personal Finance Editor

WHAT SHOULD the private investor think about the Maastricht deal? [redacted] first sight, the wrangling over [redacted] chapter, the opt-out [redacted] and [redacted] F-word might seem remote, theoretical disputes.

But those interested in long-term investment should carefully consider the implica[redacted] union [redacted] gle currency. Logic suggests that this [redacted] be an argument for increasing the proportion of European equities in private investor portfolios.

The case [redacted] simply put. [redacted] UK and European [redacted] mies [redacted] together, and [redacted] foreign exchange [redacted] is eliminated by the adoption [redacted] single [redacted] then UK and European [redacted] should become virtually interchangeable.

The traditional concentration [redacted] portfolios on [redacted] equi[redacted] would [redacted] much sense in [redacted] circumstances as, say, a Kentishman investing primarily in companies from [redacted] hop county.

[redacted] of making [redacted] same point [redacted] remember [redacted] saving is not [redacted] sake, but as [redacted] of affording [redacted] spending. Saving pat[redacted] should [redacted] the goods that consumers will eventually buy, such as BMWs or bottles of Chanel No 5. British trade with Europe is growing very year; logically, [redacted] proportion of European-based savings should rise in step.

Supposing one reallocated the current UK equity portfolio between British and European shares merely on the basis of the size (in terms of capitalisation) of the equity market concerned?

According to Paul Woolley of the fund management company GMO Woolley, that would result in a split of 46.5 per cent UK and 53.5 per cent Europe, if the latter was restricted to EC countries only. If Europe was defined in its widest sense, then the split would be 42.5 per cent UK [redacted] 57.5 per [redacted] Europe.

As far as I know, there are no statistics kept on the breakdown of private investor portfolios. But I suspect that most people, for quite sensible reasons, keep the bulk of their holdings in the UK. It is far easier for investors to keep track of UK companies, and there is of course no currency risk.

A po[redacted] which gave [redacted] ter weight to Europe than to the UK would therefore involve quite a shift for most people. Of course, [redacted] single [redacted] rency is unlikely to occur until 1999, if then. So private inves[redacted] only need to consider [redacted] long-term shift towards Europe in the [redacted] of their portfolios.

> *News on PEPS may persuade UK investors to be less insular*

There are some practical difficulties in European investment, however. Investors interested in income will find that there is a tradition of lower dividend yields on the Continent. Shares will have to be held via a bank [redacted] will arrange for the safe-keeping of [redacted] securities, collection of dividends, and the reclaim of withholding tax. There will inevitably be a fee for this service.

Some of these difficulties can be avoided, however, if a UK investor opts for a collective fund specialising in the area. There are some 128 unit trusts and 19 investment trusts concentrating on Europe.

It is only comparatively recently that Europe has become a fashionable [redacted] ment area, so only 10 unit trusts have [redacted] record stretching back 10 years. But among the 75 with [redacted] five-year record, it is possible [redacted] a few funds [redacted] a consistently good record. Four trusts – Baring European Growth, Henderson European Income, Lazards European Growth, and Scottish Widows European – are in the top 25 per cent of performers over one, three and five years, according to Micropal.

Among investment trusts, the two that stand out for having a consistent record over one, three and five years are Continental Assets (managed by Ivory & Sime) and Second Market (which invests in the French equivalent of the USM). Honourable mention should also be given, however, to Fleming Universal and F&C Eurotrust, which have good long term records but have slipped below average over the last year.

Equities [redacted] not the only investment category where European union might have an impact. If a single currency is introduced, then logically the yields on government bond yields should converge to the same level (with some differences according to credit risk).

Since bond yields and prices are inversely correlated, that implies there is an advantage in buying high yielding European government bonds, such as those from Spain and Italy.

However, it can be difficult for private investors to deal directly in bonds unless they have very large portfolios. It is possible, of course, to buy an international bond fund, but to date there are no specifically European bond unit trusts onshore. Guinness Flight offers an offshore European bond fund, based in Guernsey.

It seems, likely, however that as EC integration increases, it will be easier and easier for private investors to buy European-based products. After a long delay, the Inland Revenue finally published its regulations this week on the new European PEPs.

From January 1, PEPs will qualify for full tax privileges, if 50 per cent of the assets are in the EC. Previously, 50 per cent had to be held in the UK alone. It is small beer compared with the news from Maastricht, but it might just help UK investors abandon their insularity.

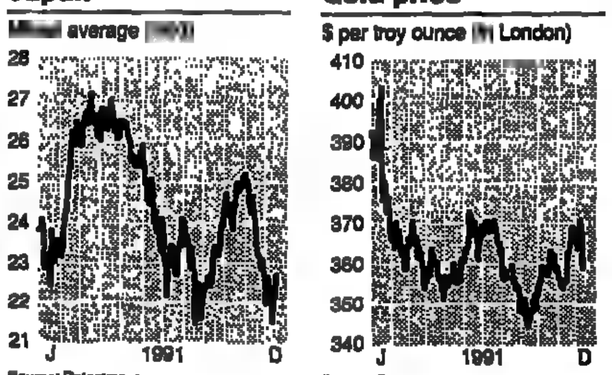
AT A GLANCE

Japan

[redacted] average [redacted]

Gold price

$ per troy ounce [redacted] London)



Source: Datastream
Source: Datastream

Nikkei jump defies trend

The Nikkei 225 [redacted] rose 1,042 points in Tokyo yesterday, [redacted] eight largest one-day rise. The jump, which [redacted] largely [redacted] technical [redacted] the [redacted] market, [redacted] in [redacted] as [redacted] touched a low for [redacted] year. A sharp decline in business confidence, allied [redacted] about financial and property [redacted] instabilities, [redacted] helped force down [redacted] prices.

Gold shows signs of recovery

The gold price [redacted] doing well – [redacted] Monday it [redacted] Troy ounce, its highest level for six months. [redacted] high gold price is usually [redacted] a sign of pessimism [redacted] uncertainty [redacted] markets, [redacted] relative security of precious [redacted].
However, [redacted] to [redacted] recovering without [redacted] heavy push from [redacted] demand. [redacted] analysts [redacted] very bullish forecasts, but not, perhaps, for [redacted] of [redacted]. For example, [redacted] think that producers [redacted] might dampen [redacted] current recovery. [redacted] Roger Chaplin, [redacted] Lyonnais Laing, points out [redacted] gold price [redacted] 14 year low, in [redacted] price terms, after [redacted] taken [redacted].

BES scheme is relaunched

One [redacted] popular [redacted] Expansion [redacted] year is trying [redacted] £5m from investors. Patriot Assured Tenancies, which bought residential [redacted] with [redacted] agreement from [redacted] Royal [redacted] Legion Housing [redacted] buy [redacted] five years, [redacted] £10m during the [redacted] III [redacted] now aiming for another £5m.
The company [redacted] buy housing, which the RBLHA will [redacted] buy [redacted] price [redacted] £1.44 [redacted] £1.00 spent today. [redacted] top [redacted] BES [redacted] relief [redacted] into account, [redacted] a return equivalent [redacted] 19.14 per cent per annum. The risk with [redacted] is low, but [redacted] in mind [redacted] no third party guarantor. [redacted] any [redacted] RBLHA was unable to meet [redacted] price in [redacted] years' time, [redacted] investment might run into trouble.

[redacted] to hold more National Savings

[redacted] can [redacted] their holdings [redacted] Savings certificates, according [redacted] newsletter, The IRS Report, published today. The limit [redacted] 36th [redacted] and [redacted] 5th index-linked [redacted] normally £10,000 per [redacted] (excluding reinvested certificates). But [redacted] hold [redacted] maximum £10,000 [redacted] in trust [redacted] each other, and [redacted] also [redacted] held in trust for children. The 36th issue [redacted] per [redacted] if [redacted] years, equal [redacted] 14.17 per [redacted] for a higher [redacted] taxpayer.

Bullish view on smaller companies

Hoare [redacted] bullish [redacted] the prospects for small company [redacted] in [redacted] winter [redacted] bulletin. Assuming the general election is held [redacted] 7 next year, Hoare [redacted] believes its smaller companies [redacted] will [redacted] per [redacted] by polling day. In the [redacted] to December 5, however, the [redacted] (capital gains version) fell 1.1 [redacted] 1170.65 while [redacted] County Smaller Companies [redacted] 1.3 per [redacted] 944.54 [redacted] the same period.

Wall Street

Bush fails to illuminate the US Christmas

ON [redacted] George Bush attended the official lighting [redacted] the nation's Christmas tree on the White House lawn. It should [redacted] been a welcome break from politics for the increasingly embattled President.

When the big moment arrived, however, the button was pressed but no lights came on. [redacted] glitches go [redacted] was relatively minor, but it proved suitably symbolic. For [redacted] President [redacted] once [redacted] inspiring "a thousand points of light," the simple job [redacted] illuminating a [redacted] now proves beyond his powers.

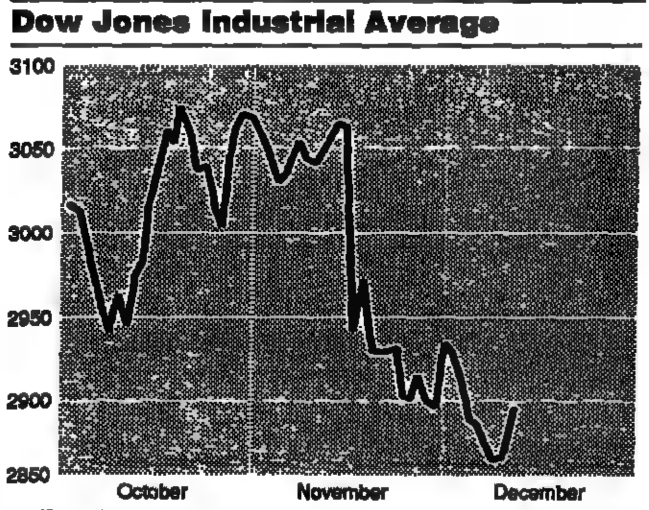
The economy, meanwhile, stumbles along in the dark. While the White House battles with Congress over a [redacted] ting package. American companies continue to respond to [redacted] times in [redacted] unseasonal fashion.

They used to [redacted] proudly here that employers were especially [redacted] to [redacted] of their workers at Christmas. Not any more. According to the Wall Street Journal, in the last ten weeks corporate staff cuts have been announced at the pace of 2,600 a day.

In this past week alone, three blue-chip US corpora[redacted] announced plans [redacted] major job cuts. TRW the [redacted] motive, space [redacted] information services group, will shed 14,000 staff. General Motors, the biggest car manufacturer, [redacted] moves [redacted] cut 20,000 white-collar jobs. [redacted] the document processing group, said 2,500 employees would be laid off within the next six months.

If the reality were not bad enough, the threat of yet more job losses continues to hang heavily in the air. Caterpillar, the world's largest manufacturer of earth-moving equipment, said it would probably close a big Pennsylvania plant, and slim its operations in Brazil. More than 8,000 employees at the company are already out of work because of industrial action, a lock-out and lay-offs this year.

IBM, the bluest chip of all, which has already unveiled a plan to trim its payrolls by [redacted] jobs [redacted] year, went one [redacted] further this [redacted]. It warned analysts that [redacted] earn[redacted] not significantly improved by [redacted] middle [redacted]. IBM's long-established and much-admired policy [redacted] avoiding compulsory [redacted] abandoned.



It is no surprise, therefore, that recent opinion polls show fear of unemployment as the greatest single constraint on consumer spending. Against a background of fast shrinking payrolls, interest rate cuts are proving ineffective in persuading consumers to spend and companies [redacted].

This is bad news for the stock market, and helps explain why heightened expectations in [redacted] days [redacted] an [redacted] in monetary policy failed [redacted] lift investor sentiment.

Yet amid all the write-offs, job losses and unlit Christmas [redacted] week, [redacted] market did manage to [redacted] back some lost ground. The fuel for Thursday and Friday's [redacted] technical, than fundamental, however.

A slightly better-than-expected report [redacted] November retail sales and a fall in weekly jobless claims offered little cheer. The former did nothing to dent the weak long-term trend, and the latter was distorted by the Thanksgiving Holiday.

The gains in the last two days were more a reflection of investors looking for a new floor for the market, and finding it. Between the 40-point rise on December 2 and this Thursday's 30-point gain, stocks retreated steadily as dealers marked prices down in search of buyers and investors stayed on the sidelines awaiting the appearance of a natural support level.

That support level now seems to have been established at 2,850 on the Dow. Several times on Wednesday the index dropped below 2,850, but on each occasion buyers materialised to prop it up. As one analyst put it at the end of a hectic see-saw session: "In the very short term, the path of least resistance is up."

Among the ups and downs of the week, there were some genuine successes. Shares in UAL, one of the big three domestic airlines, rose almost 10 per cent on hopes that the Latin American routes recently bought from bankrupt Pan Am will [redacted] UAL's ambitious global route jigsaw that much nearer to completion.

The most eye-catching performance of the past few days, however, was probably that of tiny Videocart. The stock jumped more than 30 per cent on the news that Wal-Mart, the country's biggest retailer, will expand its use of Videocart's chief product, a hi-tech video display attached to shopping trolleys that electronically communicates merchandising information to customers as they wheel their way around supermarket aisles.

These ingenious devices might just prove the answer to the economy's central problem – depressed consumer spending. On the grounds of national interest, President Bush could order Videocart to programme its displays to flash every ten seconds the subliminal message "Spend, spend, spend."

Monday	2871.65	– 14.75
Tuesday	[redacted]	– 7.83
Wednesday	2865.38	+ 1.56
Thursday	[redacted]	+ 29.75

Patrick Harverson

The Bottom Line

Protocol settles question of equal pensions

THE QUESTION [redacted] retrospective provision [redacted] equal pensions for [redacted] and women [redacted] been neatly [redacted] at the [redacted] summit by [redacted] protocol [redacted] the Treaty [redacted] Rome. Thus, an unexpected political solution [redacted] pre-empted a [redacted] judgment expected from the European Court next July that could have [redacted] British [redacted] try up [redacted] £50bn.

In hearing [redacted] group of cases involving British, German [redacted] employers, the Court was [redacted] asked [redacted] much [redacted] pension male retirees [redacted] entitled [redacted].

[redacted] land-mark Barber v Guardian Royal Exchange case decided on [redacted] 17 1990. In this [redacted] the European [redacted] ruled that employ[redacted] may not pay men and [redacted] on a different basis [redacted] that pension is properly part of pay. This meant that the wide-spread practice [redacted] allowing women to retire at the [redacted] full pension while requiring men to wait until 65, is judged [redacted] discriminate unfairly against men.

The question which [redacted] cised European employers – which in most [redacted] lower retirement [redacted] women – [redacted] if unequal pen[redacted] unfair on May 17 1990, why were they fair [redacted] any period [redacted] that? And if they were unfair for [redacted] period [redacted] that, how much [redacted]? At Maastricht, EC states [redacted] that pensionable [redacted] must [redacted] equalised only after [redacted] Barber judgment.

This means [redacted] a 45-year-old man, with [redacted] pensionable service on [redacted] 17 1990, might receive one rate [redacted] pension for those years and a higher [redacted] for service thereafter. However, if the employer decides to equalise [redacted] by cutting benefits [redacted] women – in the form of [redacted] higher [redacted] ment age – the man would not qualify for enhanced benefits.

A recent survey by [redacted] Confederation of British Industry found [redacted] 84 per [redacted] of [redacted] employers who [redacted] equalised retirement [redacted] since [redacted] Barber judgment [redacted] indeed raised [redacted] threshold for women.

Thus, many [redacted] men who might [redacted] expected [redacted] as a result [redacted] the [redacted] judgment are likely to be disappo[redacted] following the Maastricht agreement.

> *'Eighty-four per cent of employers who have equalised retirement ages have raised the threshold for women'*

But several questions remain unanswered. The Court had been preparing to hear [redacted] case brought by the pension fund [redacted] now defunct Coloroll – a case that [redacted] so many different questions about pension equality that the UK government decided to pay the legal cost of presenting it.

John Cunliffe, partner at McKenna and Co, who is representing the Coloroll trustees, said the Court will proceed with the case anyway, because it raises several issues not settled by the protocol.

Most significantly, the Court will be asked to decide how employers must [redacted]alise pension [redacted] when men and women receive lump sum retirement benefits, either through so-called money pur[redacted] schemes [redacted] by [redacted] ing [redacted] portion of a final salary scheme to [redacted] lump sum.

Ron Spill, pensions control[redacted] at Legal and General, explained that [redacted] actuaries make different assumptions about the life expectancy of men and women, annuities purchased at the same age for the same lump sum will result in different monthly payments.

For instance, a man retiring at 65 with a final annual salary of £12,000 will, in most occupational pension schemes, be allowed to convert a portion of that into a tax-free lump sum. Typically, he will be allowed to convert 3/80ths for each year of service, so that after 40 years of service, he will receive 1.5 times his annual salary, or a lump sum of £18,000. That can be invested in an annuity, while his final salary pension – initially set at ⅔ of £12,000 – will be reduced by £2,000 per year.

However, a woman retiring at the same age with the same terms will need to give up only £1,800 of her final salary pension because her actual retirement age was 60. However, had she invested the same £18,000 lump sum in an annuity, she would have received lower monthly income than a man because the insurance company assumes she will live three-four years longer.

Because the Barber judgment applies only to employers' obligations to their workers, the European Court cannot address the question of whether [redacted]linked annuities are legal. But the question the Coloroll trustees would like the European Court to answer is whether employers must provide higher lump sums to women to enable them to earn the same monthly investment income as men. On the other hand if they provide more money to women, would that not be a form of discrimination?

Cunliffe notes that the US Supreme Court has ruled that sex-linked annuities violate the equal protection clauses of the Constitution. Even though actuarial tables show women live longer, there is no reason to assume that any particular woman will live any longer than any particular man. Cunliffe said it is likely that the European Court will take a similar view when it hears the Coloroll case.

Norma Cohen

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FINANCE AND THE FAMILY

A game of two halves

***Philip Coggan** reviews the stock market leaders and laggards of 1991*

FOOTBALL commentators, who never [redacted] one cliché where two will do, would know how to describe the stock markets of 1991. It was a year of two halves.

During the first part share prices were buoyant, initially because of the quick and victorious resolution of the Gulf war, and then at the prospect of an early end to the recession. The FT-SE 100 Index reached *all-time high of 2,679.6* on September 2.

Then gloom set in, as investors began to realise both that the recession was lasting longer than had been expected, and that the rebound might not be that marked. Share prices drifted downwards, with an extra kick from a 120-point plunge in one day on Wall Street in November.

Overall, the year has been *positive for shares; by Thurs*day's close, the FT-SE 100 Index was up 13.1 per cent since January 1 and the FT-A All-Share was 12.8 per cent higher. Add in a 5 per cent yield, and an investor who matched the index could have expected a 17 to 18 per cent return this year, comfortably higher than that from building societies.

If one takes a longer view, however, all that happened in 1991 was that the losses of 1990 were recouped. In other words, share prices have gone nowhere for two years.

Such considerations will not bother those who picked Airtours, the top-performing share of the year. The holiday group quadrupled its profits in what was otherwise not too good a [redacted] travel companies, [redacted] main rivals, Harry [redacted] even [redacted] they more [redacted] quintupled [redacted] money.

Indeed, the profits for those who picked the right stocks this year were far higher than they were in 1990. The tenth highest stock in both the FT-SE and the small company lists would [redacted] topped the rankings last year.

With [redacted] noticeable pick-up in [redacted] activity, [redacted] substantial number [redacted] rights issues, the market was [redacted] returning to some semblance of pre-Black Monday normality.

The problem for the private investor was stock selection. There were still any number of companies with too much debt and too little scope for profit; in consequence, investors were ready to pay a high price for shares that were deemed to be "immune" from recession.

The sector to back was health & household, the stock market's quaint name for pharmaceuticals. Wellcome and Glaxo, two of the giants in the sector, were the top performing Footsie stocks.

Both companies [redacted] benefited from the fact that demand for healthcare is insensitive to a recession and from the perception that an ageing population promises [redacted] long term uptrend for pharmaceuticals spending. Glaxo had already been one of the [redacted]-performing shares in the [redacted] Wellcome, in contrast, was the fourth worst performing FT-SE [redacted] of [redacted] Wellcome's profits growth has [redacted] spurred by the [redacted] drug Zovirax but it [redacted] enthusiasm for anti-Aids *drug Retrovir that has put the* shares on a high rating.

Another company to benefit from the growth tag in 1991 was Rentokil, which joined [redacted] this year. The company produced 25 per cent earnings per share growth, thanks both to its environmental services division and its international spread.

Inchcape, a further Footsie new boy, also owed part of its *share price strength to its* spread of businesses. Even a £376m rights issue this week to buy car importer & distributor Tozer, Kemsley & Millbourn [redacted] dent the [redacted] price's progress.

Two Footsie gainers are suc[redacted] examples [redacted] demergers. [redacted] arm in March 1990; [redacted] fully demerged [redacted] Racal [redacted] (currently [redacted]ject of a bid) this year. Each seem to illustrate that the parts can be worth more than the whole.

Despite these success stories, there were plenty of chances for investors to lose money in 1991. And although the tables of losers are depressing enough, they only refer to those companies whose shares are still trading. They do not include those groups where dealing in shares is suspended; in many cases, a return to trading is unlikely and the loss will be 100 per cent.

Backing shares in the FT-SE 100, on the grounds that they were "blue chips" proved no guarantee of safety, as investors in Maxwell Communications now know to their cost.

The worst performing sectors were the "cyclical" industries which have been hard hit by the recession – such as metals and metal forming and engineering-aerospace. Repre[redacted] those sectors, [redacted] Steel [redacted] Aerospace duly appear in [redacted] Footsie laggards lists.

Heading the [redacted] was supermarket group Asda, struggled this year with the impact of recession, heavy borrowings and fierce competition from rivals such as Tesco and J Sainsbury. John Hardman, chairman and chief executive, departed and the company needed a £357m rights issue to restore the health of its balance sheet. The share price decline has been so substantial that Asda is now dropping out of the index.

Tarmac's problems will [redacted] no surprise to homeowners. Britain's biggest housebuilder announced this [redacted] that [redacted] conditions in the residential property market had even deteriorated since September; profits, already hard hit by the [redacted] will [redacted] knock.

The insurance industry is at the low point of its cycle with most big companies reporting losses. Price competition and increasing crime and storm-related claims had already weakened the sector; this year, a new worry has emerged, the cost of meeting claims on mortgage indemnity policies. It is unsurprising, then, to see two insurance companies among the Footsie laggards list.

The small companies laggards list, as usual is a sad example of the triumph of experience over hope. Willaire was one of the first companies to float on the Unlisted Securities Market in 1981. Having built up an environmental division, Willaire diversified into electronics in the late 1980s via a number of acquisitions. But in September, the company put its electronics division, which accounted for around half its turnover, into voluntary liquidation.

On Thursday, the company announced losses [redacted] £2m for the year to April and passed the divided on both the ordinary and convertible preference shares. Anyone who supported the company's rights issue – at 25p per share – must be particularly depressed by the sharp decline in the shares, which were trading at just 1¼p on Friday morning.

Shares in WB Industries, an engineering company, [redacted] been hit by [redacted] of losses and [redacted] Fraud Squad investigation into the company's property deals. Lep Group, a security and freight forwarding company, has had a year of bad news, with a profits warning, a refinancing of its bank debt and the departure of its chairman and chief executive.

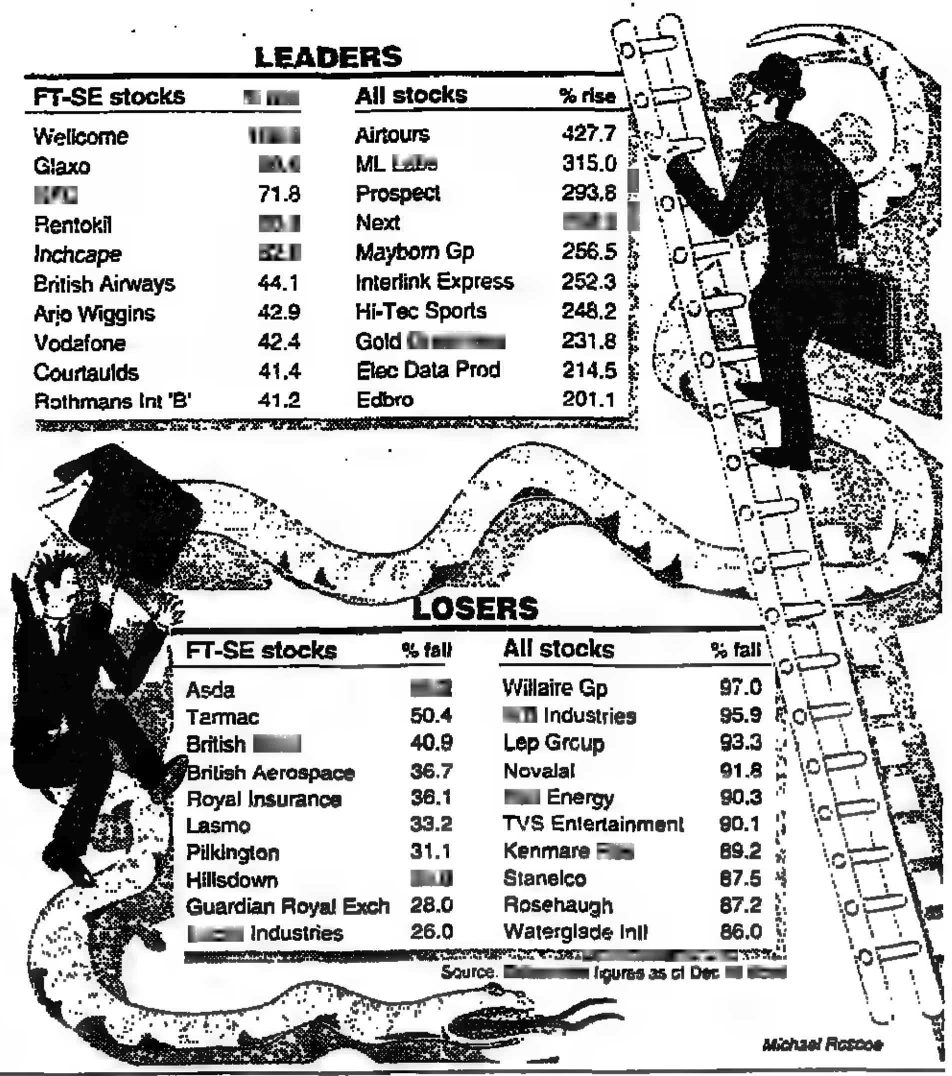
The best-known small company in the laggards list [redacted] be [redacted]ugh. [redacted] property developer recently announced [redacted] of [redacted] just a day [redacted] Queen had [redacted] an extravaganza [redacted] the company's [redacted] develop[redacted] Broadgate, in London. Merger talks [redacted] Stanhope, [redacted] company's partner in [redacted] development, have yet [redacted] bear fruition. [redacted] Willaire, some [redacted] be rueing [redacted] day they stumped up [redacted] rights issue; Rosehaugh issue's in February 1990 was priced at [redacted] compared with a price of 9½p yesterday morning.

Elsewhere, some regular [redacted] Next is on [redacted] rebound after a long period of decline, including an appearance in the large company laggards lists [redacted] 1988 and [redacted]

TVS Entertainment is making its [redacted] ance of [redacted] three years. It [redacted] also [redacted] 1989's losers. The purchase of US production company MTM had already weakened the [redacted] and, this year, it [redacted] its ITV franchise.

ML Laboratories, in [redacted] is making its [redacted] ance in a leaders list – not a bad performance from [redacted] which this week [redacted] and [redacted] dividend. Hopes for profits are pinned [redacted] kidney dialysis product; optimistic talk of a *"new Glaxo" [redacted] fuelled the* [redacted] price rise.

Finally, a word for those who [redacted] follow the intuitively appealing theory of buying the shares in the losers list in [redacted] hope [redacted] they will [redacted] Three [redacted] year's small company laggards [redacted] into receivership this [redacted] the [redacted] losers list included Maxwell Communications.



LEADERS

FT-SE stocks	[redacted]	All stocks	% rise
Wellcome	[redacted]	Airtours	427.7
Glaxo	[redacted]	ML [redacted]	315.0
[redacted]	71.8	Prospect	293.8
Rentokil	[redacted]	Next	[redacted]
Inchcape	[redacted]	Mayborn Gp	256.5
British Airways	44.1	Interlink Express	252.3
Arjo Wiggins	42.9	Hi-Tec Sports	248.2
Vodafone	42.4	Gold [redacted]	231.8
Courtaulds	41.4	Elec Data Prod	214.5
Rothmans Int 'B'	41.2	Edbro	201.1

LOSERS

FT-SE stocks	% fall	All stocks	% fall
Asda	[redacted]	Willaire Gp	97.0
Tarmac	50.4	[redacted] Industries	95.9
British [redacted]	40.9	Lep Group	93.3
British Aerospace	36.7	Novalal	91.8
Royal Insurance	36.1	[redacted] Energy	90.3
Lasmo	33.2	TVS Entertainment	90.1
Pilkington	31.1	Kenmare [redacted]	89.2
Hillsdown	[redacted]	Stanelco	87.5
Guardian Royal Exch	28.0	Rosehaugh	87.2
[redacted] Industries	26.0	Waterglade Intl	86.0

Source: [redacted] figures as of Dec [redacted]

Michael Roscoe

How direct debit can lead to debt

YOU MIGHT think it would be convenient [redacted] pay your credit [redacted] bills by direct debit – but it could lead you into debt.

Six credit card issuers have a [redacted] facility, but they allow [redacted] only [redacted] clear the [redacted] payment on your bill, rather than [redacted] full amount outstanding. This is also standard practice with [redacted] facility with [redacted]

The minimum sum you must [redacted] month [redacted] normally [redacted] the outstanding [redacted] or £5, whichever [redacted] greater. [redacted] amount outstanding [redacted] this [redacted] paid can rack up [redacted] interest.

[redacted] some [redacted] allow [redacted] debit [redacted] full balance. This [redacted] you to avoid all interest charges. A direct debit for the full balance is no harder [redacted] provide than [redacted] for [redacted] minimum amount, [redacted] is [redacted] a [redacted] sum.

Explanations vary. Leeds [redacted] debit [redacted] whole amount [redacted] "safety [redacted]sure".

Bank of Scotland introduced [redacted] minimum amount direct debit [redacted] customers who were away on holiday for [redacted] long time, to ensure that they kept up with the minimum.

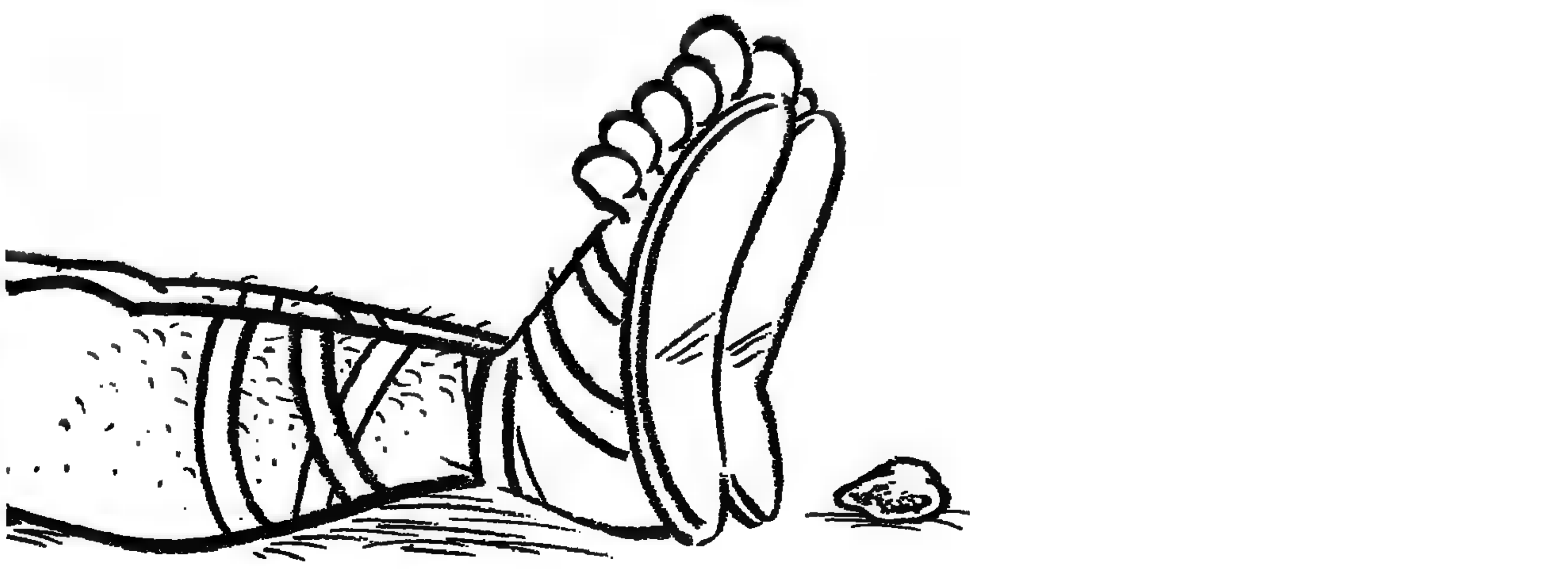
The [redacted] regular payers [redacted] from the Co-op and the TSB, which still offer cards [redacted] an annual charge. TSB's cap system, described below, largely sol[redacted] the problem cited by Leeds and Bank [redacted] Scotland for [redacted] who find themselves with [redacted] bigger bill than usual.

The issuers' policies are as follows:

- **Bank [redacted] Scotland** allows [redacted] for the minimum amount or a fixed amount, but not automatically the outstanding balance.
- **Barclays** [redacted] allow [redacted] at all.
- **Clydesdale** [redacted] direct [redacted]
- **Co-operative Bank** allows repayment of full outstanding balances by direct debit on all its credit cards.
- **Girobank** allows direct debit payments for the minimum, but not the full amount on its mass market cards. Its Gold card (with a fee of £3 per month) offers a debit for the full outstanding balance.
- **Halifax** offers direct debit only [redacted] minimum amount.
- **Leeds Permanent** [redacted] debit [redacted] minimum amount, but not [redacted] full balance.
- **Lloyds** is similar to Barclays. There is no direct debit facility at all on its Access credit card, but its Visa Gold charge card can be *paid off in* full by direct debit.
- **Midland** allows direct debits for the minimum amount only, but this service is only open to Midland account-holders. No such facility is available on its charge-free affinity cards.
- **National & Provincial** allows direct debits, but only for the minimum amount.
- **NatWest** does not have a direct debit facility, but you can elect to pay by *standing* order, of at least 5 per cent of your credit limit, which must be for the same fixed amount each month.
- **Royal Bank of Scotland** offers direct debit, of either the full amount, or the minimum, on all its cards. This is paid 15 days after the statement date.
- **TSB** offers one of the most flexible deals. Direct debit for either the full balance or the minimum is *available* on *all* credit cards. Also there is an ingenious cap system, allowing a customer to name a maximum amount to pay in any one month. You could normally pay your balance in full, but go into debt if the balance became too heavy for your usual cash [redacted]
- **Yorkshire Bank** allows for both the minimum amount or *the full balance* to be paid by direct debit. Only one phone call is needed to override this.

John Authers

For a fraction of the price of a Goliath, Data General gives you David.



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FINANCE AND THE FAMILY

Cautious welcome for new bank code

David Barchard reports on the latest guidelines for consumers' rights

"MISERLY, OVERDUE, but better than nothing" was how the Consumers' Association summed up the new UK banking code published this week.

It might have been more fair to say that the mountains laboured and produced a mouse. The code followed two years of stormy negotiations between the banks and consumers' groups. At one point it looked as if the talks would collapse altogether.

However, few bank customers who read *Good Banking*, the 12-page pamphlet containing the code, published by the British Bankers' Association, will find it easy [illegible] understand the fuss.

It does mark some clear improvements on customers' rights against their bank. Some of those rights will cost the banks [illegible] considerable amount of money, although exactly how much it is difficult to say.

In disputes over cash machine withdrawals, for example, it is now up to the bank or building society to prove its case against the custo[illegible], rather than the other way round.

Bank and building society customers will no longer find their details being relayed to subsidiaries or associated businesses such as insurance companies for marketing purposes unless they give express permission, and they will be reminded every three years that they have the right to stop this happening.

Charges for basic services will be published in [illegible] clear form, together with easy-to-understand details of how and when interest is charged.

There are to be no more "charges on charges". If you plunge briefly into the red in one quarter, the charges which follow will not by themselves be grounds for further charges in the subsequent quarter.

[illegible] losses on [illegible] missing card will be limited to £50. This is a real advance on the days when the cash machines of some issuers would warn [illegible] that [illegible] were liable [illegible] any losses on a missing card until it was reported.

If [illegible] card is intercepted and fraudulently used before [illegible] reaches [illegible] customer, all the losses will be born by the issuing bank or building society. If customers do not want to be issued with a PIN (personal identification number) for a card which they will only use as a cheque guarantee card, they will be allowed to do so. However, it looks as if customers will still [illegible] cheque guarantee cards which can also function [illegible] debit cards, even if they do not want this.

A review body [illegible] be set up, headed by Sir George Blunden, the former deputy governor of the Bank of England, who headed the working party which drew up the code. However, the code is voluntary. Banks and building societies which agree to adhere to it will introduce it at their [illegible] by devising [illegible] own codes.

They are under no legal obligation to introduce it and though all the large UK banks have accepted the code, acceptance of it by the smaller banks may not be automatic.

There seem to be no real sanctions against banks which break the code other than the possibility that their customers may move elsewhere. The code may trigger competition among the high street clearers to provide better service.

[illegible] as the code was being launched, TSB left its larger rivals looking [illegible] little silly by promising to introduce advance notification of charges from next autumn. The big[illegible] banks claim that this would be too expensive to be worthwhile. However, they will almost certainly have to introduce pre-notification [illegible] charges, and perhaps eventually formal invoices, sooner or later.

They say that four fifths of their customers do not pay bank charges and so the change would increase the burden on those that do.

Other points which the banks have chosen not to concede to their customers include self-selected PINs (some card issuers allow them, others do not); the right to collect a card from your branch if you do not wish to receive it by post; and the right to select a lower cash machine withdrawal limit.

The code may not be the last word [illegible] bank-customer relations. The Labour party has hinted that it may impose a stronger code if it comes to power. [illegible] swiftly [illegible] will change the attitudes of branch staff, the subject of most complaints about banks, is also questionable.

TSB says it will send 20,000 copies of *Good Banking* out to its branches, but most of the other clearers are waiting until their own codes are ready. One bank this week was saying that it would probably have one copy in each branch, available for inspection by customers who asked to [illegible]. This does not sound very promising.

Expatriates

Connections that count

THE GOVERNMENT is to change the law on domicile, according [illegible] a [illegible] parliamentary [illegible]. The [illegible] leg[illegible] Law Commission report.

The purpose [illegible] to [illegible] with [illegible] country in [illegible] they have their home, permanently or indefinitely. [illegible] importance [illegible] legal areas [illegible] copyright, succession, matrimonial matters and taxation.

Many people find [illegible] difficult [illegible] sure [illegible] country of [illegible] invariably [illegible] will involve [illegible] examining their family history for [illegible] or [illegible] generations. Some [illegible] – a person can be regarded as domiciled in a country where he has never been and does not intend to go.

Most foreign businessmen in Britain are resident and ordinarily [illegible] the UK, but [illegible] elsewhere. This enables them [illegible] limit [illegible] liability on overseas income and gains to the amounts remitted to the UK. Inheritance tax also attaches only to assets situated in the UK.

For Britons working abroad, the major impact of retaining a UK domicile is continuing liability to inheritance tax on world[illegible] resources.

These anomalies exist largely [illegible] the concept of [illegible] origin – the [illegible] derived at birth, usually from a [illegible] but sometimes [illegible] a child's [illegible] if, while still a dependent, there is a change in the domicile of the [illegible]

Suppose [illegible] baby is [illegible] from England with his emigrating parents, who then die. Even though the baby is returned to England to his grandparents, his domicile will remain that of the country to which his parents had gone.

With a view to eliminating such problems, the proposals are that domicile from birth until the age of 16 should be determined according to the country of closest connection. For the baby in our example, that would be England.

The Law [illegible] proposed that [illegible] concept [illegible] origin should be abandoned. In its place, [illegible] will take on greater significance. If the [illegible] a person should be domiciled in [illegible] country by living there with the intention of settling for an indefinite period.

In this, as in all [illegible] of changing domicile, [illegible] standard of proof should be the balance of probabilities.

Suppose that you and your wife have domiciles of origin in England but you [illegible] where [illegible] daughter and her family [illegible] Your plan [illegible] make your [illegible] an [illegible] period in [illegible] your grandchildren grow up.

However, you do not intend to remain in France permanently. After the grandchildren grow up, you intend to take up permanent [illegible] your [illegible] in Barcelona.

Under [illegible] present law, [illegible] likelihood [illegible] you would both, while in France, remain [illegible] in England. [illegible] the [illegible] proposals, [illegible] in France might well follow.

The elimination of domicile of origin would also signal an end to that aspect of the present law most prone to give rise to bizarre results – the doctrine of revival.

Consider, for example, the case of your friend who has a German domicile of origin, derived from his father who spent all his working life in the US, where your fri[illegible] was [illegible]. On becoming independent, your friend decides to remain in the US, thus taking a domicile of choice there. If he then departs but does not settle in any single country, his German domicile of origin will revive.

The commission now proposes that the existing domicile [illegible] continue until [illegible] of choice is [illegible]

[illegible] many, [illegible] change will [illegible] the new laws are enacted, everyone should [illegible] domiciles – none more [illegible], perhaps, than those people [illegible] UK domicile who have been in Britain for long periods for purposes other than work or study.

Donald Elkin

■ *Donald Elkin is a director of Wilfred T. Fry of Worthing, West Sussex.*

How to . . . give to charity

Presents for the needy

CHARITIES have invented many exciting and original ways for consumers to donate [illegible] over the last few [illegible] The "Band-Aid" pop record for famine relief in Ethiopia, still the UK's biggest selling single, is perhaps the best known example.

This was in the vanguard of a range of ways to make charitable giving fun, and to place it firmly in the realm of families' other financial decisions.

If, over Christmas, you decide which charities you wish to support there are now many attractive ways to do so. Some of the following ideas come from the industry. Others have resulted from charity provisions in recent Budgets.

■ Give As You Earn, as its name suggests, is an easy way to donate, provided your employer has contracted to administer the scheme. The money you choose to donate – up to £50 per month or £600 a year – is deducted from your pay cheque.

However, donations are taken from pre-tax income. So, if you [illegible] to pay the maximum [illegible] month, it will only cost basic rate taxpayers £37.50 and top rate payers £30.

The number of [illegible] in GAYE has been increasing rapidly – from 1,800 in 1987-88 to 5,306 in [illegible]. However, many companies are still [illegible] involved.

To [illegible] in this way you must fill [illegible] specifying your chosen charities. [illegible] any time, although you cannot reclaim money [illegible] paid. [illegible] change your [illegible]. Some employers pass the funds on to an agency, which charges a handling fee of 5 per cent.

The Charities Aid Foundation publishes the Give As You Earn Directory of Charities, available to *Weekend FT* readers for only the £4.75 cost of postage and packing. Write to CAF, 48 Pembury Road, Tonbridge, Kent TN9 2JD.

■ *Gift Aid.* This was the biggest concession to charities in John Major's Budget. Under the scheme tax relief on big one-off charitable donations can be made, with the relief going both to the charity and the donor.

If you give at least £600 to a charitable group, this will be treated as net of tax under the scheme – in other words, as if you had paid £800. Your charity can then claim basic rate tax relief of 25 per cent (£200), while top-rate taxpayers can reclaim the difference between basic and top rate (£120). The net result in this case is that you pay £480 [illegible] make a donation of £800.

There is no point in giving donations between £480 and £600, or in donating more than £600 and not going through the tax formalities.

Take-up of the scheme looks promising. By September 30 this year, when the scheme had been running for exactly a year, £35m had been paid to charities by the Inland Revenue, following donations of about £110m. Gifts of £83.2m were made by 32,150 individuals. There is now no [illegible] donation.

Gift Aid donations by individuals should be accompanied by a form R190 (SD). One form is needed for each qualifying gift if you are making a joint donation. Most charities hold stocks of these forms.

■ Covenants are the more tra[illegible] charitable giving. As with Gift Aid, basic rate relief can be reclaimed from the Revenue, while an extra [illegible] cent, where relevant, is paid to the donor. The difference is that donations must be in regular, fixed amounts.

There is no upper limit on the amount you can covenant, but you must decide on an amount at the outset, together with [illegible] intervals at which you will donate – monthly, quarterly [illegible] annually. They should be capable of lasting for [illegible] three [illegible] until your death. The tax privileges will not be allowed over periods shorter than this.

Covenants can [illegible] gross. If you [illegible] pay £100 gross, you will need to part with more if tax rates go down, but the total [illegible] by the charity will be £100. If you covenant £100 net, this is the sum you will always pay. The charity will receive more if tax rates rise.

The deed of covenant itself is a relatively complex legal doc[illegible], so it [illegible] to seek professional help. However, most large charities have pre-printed forms you can use, so contact them first.

■ Charitable Trusts are of most use when combined with either Gift [illegible]. All money paid into such [illegible] trust, either via [illegible] covenant or via Gift Aid, must be solely for [illegible] purposes and can be reinvested free of income or capital gains tax. The trust then has great freedom to give to different charities, in differing amounts.

Under independent taxation, both husband and wife can covenant individually into a gift trust, provided each spouse has enough taxable income to covenant.

If trust money is to be held on deposit, you must register with the Charity Commission. You must also find two or [illegible] independent trustees, open [illegible] bank account in the trust's name, and register with the Inland Revenue.

[illegible] and Tax [illegible]ing Services publishes a step-by-step guide [illegible] setting [illegible] charitable gift trusts, recently updated, which includes [illegible]men trust deeds. The price is £40. Contact ITPS at 31 Aylesbury Road, Bedford, MK14 9RJ. Tel: [illegible]

■ Affinity Cards are credit cards which make small chari[illegible] donations each time you use them.

[illegible] card provider gives about £5 or £10 to the charity the first time you buy something with the card. Then, a fixed fraction of the money you spend is donated. This is usually only about 20p or 30p per £100 spent, but it adds up.

The cards carry the Mastercard or Visa logo and function as [illegible] normal credit card. The one point to beware is that the cards are not such good value if you pay an annual fee for them. This might point you [illegible] affinity cards offered by Co-operative [illegible] Midland, TSB and Girobank.

[illegible] offers a Visa donating to Oxfam, and TSB does the same for Save the Children. Co-op has a Visa donating to the Royal Society for [illegible] Birds, [illegible] has also launched [illegible] corporate affinity charge card. Midland offers a Visa donating to the National Trust, plus ArtsCard and Care Card, which give to a broad range of charities.

THE BEST [illegible] FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	[illegible] %	[illegible] paid
INVESTMENT [illegible] BONDS [illegible]						
Southdown BS	SuperSaver	[illegible]	[illegible]	[illegible]	[illegible]	Yly
Norwich & Peterborough [illegible]	Postmaster	[illegible]	[illegible]	£1,000	[illegible]	Yly
Coventry BS	[illegible] Option	[illegible]	Instant	[illegible]	[illegible]	Yly
Northern [illegible] BS	Eclipse	[illegible]	60 Day	[illegible]	11.61%	[illegible]
Birmingham [illegible] BS	First [illegible]	0800 [illegible]	[illegible] Day	[illegible]	[illegible]	Yly
[illegible]	[illegible] Interest	[illegible]	1 Year	[illegible]	[illegible]	OM
Skipton BS	Triple [illegible]	0756 [illegible]	30.4.92	[illegible]	12.60%	Yly
TESSAs (Tax Free)						
Melton [illegible]		0664 63937	[illegible] Year	[illegible]	[illegible]	Yly
[illegible] Trust [illegible]		[illegible]	5 Year	£9,000	[illegible]	Yly
[illegible] BS		[illegible]	[illegible]	[illegible]	13.10%	Yly
Lambeth [illegible]		071 928 [illegible]	5 Year	[illegible]	[illegible]	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
[illegible]	HICA	031 [illegible] 8235	Instant	[illegible]	[illegible]	Yly
UDT	[illegible]	[illegible] 580 411	[illegible]	£1,000	[illegible]	Qly
[illegible]	[illegible] Postal	0242 [illegible]	[illegible]	[illegible]	[illegible]	Yly
				[illegible]	[illegible]	Yly
[illegible] Rock BS	[illegible]	091 [illegible] 7191	[illegible]	[illegible]	[illegible]	Mly
[illegible] ACCOUNTS (Gross)						
[illegible]	[illegible]	0481 822747	Instant	£500	10.20%	Yly
C & G Channel Islands Ltd	Guernsey [illegible]	[illegible]	[illegible]	100,000	11.50%	Yly
Alliance & [illegible]	Manxdmum [illegible]	[illegible] 663566	[illegible] Day	£25,000	11.00%	Yly
[illegible] BS Guernsey	Key Extra	0481 719898	[illegible]	[illegible]	[illegible]	Yly
[illegible] & West Intl Ltd	Intl Bond II	0481 [illegible]	30.11.92	£50,000	12.50%	OM
GUARANTEED INCOME BONDS (Net)						
Prosperity Life FN		[illegible] 690555	1 [illegible]	£25,000	[illegible]	Yly
Financial Assurance FN		081 367 6000	2 Year	£5,000	[illegible]	Yly
Prosperity Life FN		0622 690555	3 Y[illegible]	£25,000	[illegible]	Yly
Financial Assurance FN		[illegible]	[illegible]	[illegible]	[illegible]	Yly
Providence Capitol FN		0256 768 888	5 Year	£25,000	9.35%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	[illegible]	9.50%	Yly
	[illegible]		3 Month	£2,000	10.25%	[illegible]
	Capital Bonds [illegible]		[illegible] Year	£100	11.50%	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	36th Issue		5 Year	£25	8.50%F	OM
	5th Index Linked		5 Year	£25	4.50% +Infln	OM
	Childrens Bond [illegible]		5 Year	£25	11.84%	[illegible]

Table covers major banks and building societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N = Net Rate. B = Bond.
Source: Moneyfacts, The Monthly Guide to Investment and Mortgage Rates, Walsham House, Stalham, Norwich.

The Week Ahead

NFC, the transport, freight and distribution company, is likely to turn in on Wednesday pre-tax profits for the year to September of £90m-£95m, down slightly from £97.7m a year earlier. This would be in line with [illegible] view" of [illegible] it gave at the interim [illegible]

Considering [illegible] are a sensitive barometer of economic activity, profits have held up well. Investor [illegible] will [illegible] on its comments about current business and the state of the economy. [illegible] dedi[illegible] distribution division has, for example, [illegible] to enjoy strong profit growth. This could be under pressure if clients' volumes have [illegible] under the impact of recession.

One tricky question for [illegible] is [illegible] to value [illegible] stock. It is trading at [illegible] high [illegible] of more than 16, reflecting in part the "halo" effect of joining the FT-SE 100. Given [illegible] continuing sluggish economy, the rating could be hard to justify.

The success of US businesses is likely to boost the interim results of Gold [illegible] Trott, the advertising [illegible]ncy, which is due to announce on Tuesday. Analysts are expecting [illegible] small rise from £2.24m to £2.5m, with a full-year forecast running at about £5.5m. Attention will also turn to the performance of regional agencies, BDH and Babbit & Reiman.

There will be few surprises at Y [illegible] Lovell, the housebuilder which announces full-year results on Monday. Last month's warnings of £62m worth of provisions lea[illegible] li[illegible]tle to the imagination. In the words of one analyst, "if you are going to lose money, why not lose a lot". Estimates vary from a loss of £20m to £50m, depending on how much is taken above the line. This should lea[illegible] the group [illegible] for a better [illegible]. Debt is estimated to be about £106m.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Berisford International	Tuesday	-	-	-
Brunner Investment Trust	Friday	2.0	2.3	2.2
Chemring Group	Wednesday	[illegible]	[illegible]	[illegible]
Chrysalis Group	Friday	2.0	2.0	-
Daily Mail & General Trust	Wednesday	[illegible]	[illegible]	[illegible]
EFG	Thursday	[illegible]	-	-
Electronic Data Processing	Wednesday	[illegible]	2.22	1.75
Genesis Chile Fund	Monday	-	-	-
Gestetner Holdings	Wednesday	1.7	8.4	[illegible]
Greencore	Tuesday	-	-	-
GWR Group	Tuesday	3.0	3.0	1.0
Hardys & Hanson	Monday	11.2	22.3	[illegible]
Jersey Electricity Company	Friday	[illegible]	18.0	n/a
Kelsey Industries	Friday	[illegible]	[illegible]	[illegible]
Kleinwort Charter Investment	Friday	1.2	3.6	1.25
Lee (Arthur) & Sons	Tuesday	1.65	4.25	1.65
Lovell (YJ) Holdings	Monday	2.2	[illegible]	2.2
NFC	Wednesday	1.0	[illegible]	1.2
Prospect Industries	Monday	0.1	[illegible]	0.1
Sanderson Electronics	Tuesday	8.4	3.3†	-
Star Computer Group	Friday	-	-	-
Teredo Petroleum	Wednesday	-	-	-
TSB Bank Channel Islands	Wednesday	2.75	[illegible]	[illegible]
United Scientific Holdings	Wednesday	0.5	1.5	[illegible]
Yorkshire Television Hldgs.	Tuesday	3.3	8.7	[illegible]
INTERIM DIVIDENDS				
Abtrust Preferred Income Inv	Wednesday	-	-	-
Andrews Sykes Group	Wednesday	1.4	3.0	-
Astra Holdings	Monday	-	-	-
Batleys	Tuesday	-	-	-
Border Television	Tuesday	0.66	1.22	-
Brasway	Tuesday	0.24	0.27	-
British Building & Eng. App.	Thursday	0.5	-	-
Bromsgrove Industries	Tuesday	[illegible]	2.45	-
Claythitite	Tuesday	1.8	4.2	-
Continuous Stationery	Monday	1.2	2.8	-
Danae Investment Trust	Wednesday	3.37	[illegible].57	-
Dartmoor Investment Trust	Monday	2.5	3.8	2.4
Eidos	Wednesday	-	-	-
Electric & General Inv. Tst.	Thursday	1.5	[illegible]	-
Faupel Trading Group	Tuesday	1.85	3.05	-
First Technology	Thursday	1.0	-	-
Forminster	Friday	3.47	8.27	-
Gold Greenlees Trott	Tuesday	3.3	5.0	-
Graig Shipping	Monday	1.0	3.0	-
Halma	Tuesday	[illegible]	1.13	-
Harmony Leisure Group	Wednesday	-	-	-
Harris (Philip) Holdings	Monday	2.0	3.75	-
Ivory & Sime	Friday	1.25	4.6	-
Melville Street Investments	Tuesday	1.5	3.0	-
MFI Furniture Group	Monday	-	-	-
Mosaic Investments	Monday	3.5	5.75	-
NMC Group	Monday	1.25	2.3	-
Northumbrian Fine Foods	Wednesday	0.75	1.0	-
Richmond Oil & Gas	Monday	-	-	-
South Wales Electricity	Wednesday	-	11.8	-
Southern Electric	Tuesday	-	10.12	-
Sterling Industries	Wednesday	1.5	4.1	-
Tinsley Robor	Thursday	0.75	0.25	-
Trimoco	Tuesday	0.6	[illegible]	-
United Industries	Monday	0.5	0.5	-
Verson International	Thursday	0.3	0.7	-
Westport Group	Wednesday	-	0.6	-
Worthington Group	Monday	-	-	-
Yorkshire Electricity Group	Wednesday	-	[illegible]	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † = Second interim dividend.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

[illegible] bid for	[illegible] bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated					
AmBrit	5½*	6½	4	3.61	[illegible]
Atlantic Res	2.25	2¼	2.25	5.96	Conroy Pet
Baker Harris	[illegible]	70	53	9.95	Herring
Beazer‡	106§§	111	83	296.33	Hanson
Cityvision	48* ◆	48	25	67.9	Blockbuster UK
Do. 8.5% Cnv Pf	80* ◆	88	66	7.1	Blockbuster UK
Edbro ‡	270*	265	140	24.22	Marrel
Geers Gross	35*	34	[illegible]	[illegible]	Publicis
Harrison Inds	9.2	[illegible]	59	11.22	Antares ◆
Hawker Siddeley‡	751§ §§	746	[illegible]	1.48bn	BTR
Do. 5.5% Cum Prf	82*	63	[illegible]	4.89	BTR
New England Props	[illegible]	16¾	14	11.79☆	TR Prop Inv Tst
Racal Elect.	[illegible]	[illegible]	51	792.91	Williams Hldgs.
Ritz Design	200††	[illegible]	185	[illegible]	Stirling Group
Security Archives	[illegible]	272	[illegible]	17.66	Brambles Inds.
Steeley	376.55	[illegible]	[illegible]	[illegible]	Redland
Sterling Trust	41*§	[illegible]	[illegible]	10.79☆	Robert Fraser
Sun Life Corp‡	1160*§	1145	1136	316.96◆	Rockleigh Corp.
Telfos‡	115*	113	63	46.02	Jenbacher
Ultramar	294§§	[illegible]	[illegible]	1.09bn	LASMO
Wilding Office Eq	[illegible]	[illegible]	27	3.81	Pentos

*All cash offer.††Cash alternative. §For capital not already held.‡Unconditional.**Based on 2.30pm prices 13/12/91. †At suspension. §§Shares and Cash. ◆ For 70.18% not already owned. ◆ For [illegible] not already owned. ◆ Or alternative of 1 Blockbuster share valued at 80p for each Cityvision ord. share, and at 83p for each Cityvision pref. share. ◆ Reverse takeover. ☆ For [illegible] not already owned.

PRELIMINARY RESULTS

[illegible]	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Acatos & Hutcheson	Sept	6,660	(4,230)	13.3	(5.4)	5.0	(3.5)
Albion	Sept	620	(824)	9.8	(14.0)	2.5	(3.2)
API Group	Sept	703	(1,860)	3.1	(8.0)	6.75	(6.75)
Archer (AJ)	Sept	3,120	(5,660)	8.7	(16.5)	4.4	(8.4)
Ashley Group	Aug	13,600	(13,500)	7.6	(8.8)	1.95	(1.82)
Automagic Holdings	Jun	96 L	(684)	-	(7.4)	0.5	(6.5)
Baggeridge Brick	Sept	2,540	(5,210)	4.84	(8.5)	3.12	(3.12)
Bellwinch	Jun	15,100L	(4,850 L)	-	(-)	-	(-)
Blick	Sept	6,320	(5,670)	21.66	(19.5)	8.0	(7.0)
Bradstock Group	Sept	8,000	(8,100)	8.9	(8.8)	4.75	(4.5)
Carlton Comms.	Sept	88,800	(127,100)	29.8	(42.8)	15.5	(14.1)
Chiltern Radio	Sept	114	(1,290)	1.5	(14.3)	2.0	(4.8)
Compass Group	Sept	32,000	(29,500)	31.9	(28.8)	11.4	(10.3)
Countryside Props.	Sept	3,050	(8,130 L)	7.2	(-)	4.11	(4.11)
Crodite Group	Sept	1,960 L	(1,220)	-	(7.0)	-	(4.0)
Devenish (JA)	Sept	11,470	(11,260)	16.41	(16.37)	6.25	(5.3)
Grainger Trust	Sept	1,370	(3,230)	5.03	(10.55)	5.25	(5.25)
Granada Group	Sept	57,000	(120,000)	7.5	(21.8)	7.0	(12.3)
Greenalls Group	Sept	64,100	(62,200)	28.2	(26.1)	11.0	(10.0)
Greenwich Resources	Sept	108	(1,240 L)	-	(-)	-	(-)
Holmes & Marchant	Sept	2,100	(4,300)	7.3	(19.1)	6.6	(6.6)
Hunterprint Group	Sept	6,320L	(16,300L)	-	(-)	-	(-)
Johnson & Firth Brown	Sept	9,600	(12,310)	5.2	(6.4)	3.0	(3.0)
Lynx Holdings	Sept	320	(225)	4.3	(3.7)	1.25	(0.75)
Midlands Radio	Sept	687	(1,650)	3.3	(7.95)	2.5	(4.5)
Mining & Allied Supp.	Sept	261	(150)	0.5	(0.002)	0.5	(-)
ML Laboratories	Sept	460 L	(116 L)	-	(-)	-	(-)
Richards	Sept	434	(2,820)	2.25	(9.18)	4.0	(4.0)
Rosehaugh	Jun	226,640L	165,500L)	-	(-)	-	(-)
Sage Group	Sept	6,840	(4,730)	25.5	(19.2)	8.05	(7.0)
Sturge Holdings	Sept	6,860	(31,460)	10.6	(36.8)	16.5	(16.5)
Sycamore Holdings	Sept	549	(2,780 L)	1.0	(-)	-	(-)
Titon Holdings	Sept	1,510	(920)	9.31	(5.42)	3.25	(2.99)
Tottenham Hotspur	May	1,780L	(1,000L)	-	(-)	-	(1.0)
Tubular Edgington	Jul	7,000 L	(549)	-	(0.47)	-	(-)
Vaux Group	Sept	34,000	(36,815)	20.31	(23.7)	9.2	(8.76)
Venture Plant Group	Sept	5,150 L	(1,150 L)	-	(-)	-	(-)
Watson & Philip	Oct	11,800	(6,020)	26.4	(23.4)	12.8	(11.6)
Wescol Group	July	1,150 L	(60)	-	(-)	-	(-)
Wharfedale	Jun	1,220 L	(11)	-	(4.0)	-	(-)
Wilding Office Equip.	Sept	2,940L	(665L)	-	(-)	-	(1.5)
Willaire Group	Apr	2,040 L	(3,300)	-	(1.76)	-	(0.66)
Wolverhampton & Dud.	Sept	33,000	(31,800)	36.0	(36.0)	10.3	(9.3)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Aberdeen Steak	Jun	825 L	(475 L)	-	(-)
Adam & Harvey	Sept	3,030	(2,790)	[illegible]	(-)
Anglo United	Sept	3,000	(1,100)	0.2	(0.2)
Assoc. British Eng.	Sept	42	(74 L)	-	(-)
Atkins Group	Sept	48 L	(192)	3.6	(3.6)
Avesco	Sept	147	[illegible]	0.5	(0.5)
Baker Harris	Oct	627	[illegible]	1.5	(1.0)
Ball (AH)	Sept	624	(378)	2.2	(2.2)
Berkeley Group	Sept	5,400	(750 L)	1.5	(1.5)
Bexbuild Develops.	Sept	138	(555)	1.0	(-)
Birkdale Group	Sept	[illegible]	(718 L)	-	(-)
Booth Industries	Sept	324	(376)	0.7	(0.7)
British Land	Sept	10,200	(10,100)	2.07	(1.88)
[illegible]	Sept	-	(-)	-	(3.0)
[illegible] Group	Sept	5,200	(6,100)	5.75	(5.75)
Bulmer (HP)	Sept	9,070	[illegible]	3.45	(3.2)
Charter Consolidated	[illegible]	[illegible]	(41,400)	[illegible]	(7.0)
Cooper Clarke Group	Oct	203	(236)	-	[illegible]
Courts (Furnishers)	Sept	2,140	(3,850)	1.83	(1.83)
Cray Electronics	Oct	1,300	(788)	-	[illegible]
Dowty Group	Sept	10,100	[illegible]	3.6	(3.6)
Elga Group	Sept	482	(304)	0.6	(0.6)
ERF	Sept	330	(1,370 L)	2.0	(2.0)
Eve Group	Sept	[illegible]	[illegible]	2.7	(2.7)
Ferranti Int'l.	Sept	28,600	(20,400)	-	(-)
Fine Art Develops.	Sept	4,490	[illegible]	2.7	[illegible]
Fleming Int'l. High	Nov	2,580	(2,980)	[illegible]	(1.0)
Fuller Smith	Sept	3,610	[illegible]	2.25	(2.1)
GMEN	Sept	7,000	(14,900)	-	(-)
Harland Simon	Sept	2,000	(2,500)	2.25	(2.0)
Learmonth & Burchett	Oct	261 L	(618 L)	-	[illegible]
London Merchant Sec.	[illegible]	[illegible]	(13,740)	[illegible]	(0.8)
Manweb	Sept	27,500	(18,700)	[illegible]	(-)
Marina Developments	[illegible]	2,300	(2,160)	-	(6.0)
Marling Industries	[illegible]	598	(2,850)	0.3	(1.3)
Midlands Electricity	Sept	27,000	(18,300)	5.66	(-)
[illegible] Inv. Tst.	Nov	806†	(866†)	1.7	(1.7)
[illegible]	[illegible]	-	(-)	1.8	(-)
MS International	Nov	175	[illegible]	1.0	(1.0)
Multitone Elec.	Oct	864	(621)	1.26	[illegible]
New London	Sept††	[illegible]	(64 L)	-	(-)
Norcros	Sept	[illegible]	[illegible]	3.5	(3.5)
Northern Electric	Sept	[illegible]	[illegible]	5.55	(-)
Plysu	Oct	4,800	(4,000)	1.65	(1.35)
Racal Electronics	Oct	[illegible]	(24,700L)	[illegible]	(1.05)
Reed Executive	Sept	3,200L	[illegible]	-	(0.6)
Reliance Security	Nov	1,010	[illegible]	[illegible]	[illegible]
Rolfe & Nolan	Aug	704	(661)	2.3	(2.1)
Scott Pickford	Sept	185	(80)	-	(-)
Scottish Hydro	Sept	27,000	(21,200)	3.25	(-)
[illegible] & [illegible]	[illegible]	115,700	(114,500)	5.51	(5.1)
[illegible] Power	Sept	[illegible]	(71,700)	[illegible]	(-)
Security Archives	Sept	770	(575)	4.0	(3.0)
Severn Trent	Sept	[illegible]	[illegible]	[illegible]	[illegible]
Shandwick	-	-	(-)	[illegible]	(-)
Smith New Court	Oct	[illegible]	(7,570)	[illegible]	(0.5)
South Western Elec.	Sept	[illegible]	(1,200 L)	5.25	(-)
Southend Property	Sept	[illegible]	(2,600)	1.45	(1.32)
Southern Water	Sept	61,400	[illegible]	[illegible]	[illegible]
Sterling Publishing	Sept	571	(904)	[illegible]	(1.5)
Stewart & Wight	Sept	173	(150)	-	(-)
TGI	Sept	671	(50 L)	-	(2.2)
Tinsley (Eliza)	Sept	287	(550)	1.8	(1.8)
Total Systems	Sept	351	[illegible]	[illegible]	(-)
[illegible]	Aug	644 L	(895 L)	-	(-)
Triplex Lloyd	Sept	3,120	(4,170)	2.5	(2.5)
Umeco	Sept	68	(411)	0.75	(1.665)
Unit Group	Sept	122	(1)	-	(-)
United Energy	Jun	91	(-)	-	(-)
Victoria Carpet	Sept	883	(867)	-	(-)
Wardell Roberts	[illegible]	1,330	(1,610)	1.27	(1.21)
Whitecroft	Sept	2,230	[illegible]	3.3	(4.6)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. ₮ = Figures quoted in US dollars and cents. ‡ = Figures quoted in Irish pounds & pence. † = Net revenue. ‖ = Second interim dividend.

RIGHTS ISSUES

Inchcape is to raise £376.2m via a one-for-three rights issue at 310p.
Harlstone Group is to raise £65m via a two-for-five rights issue at 235p.
Tottenham Hotspur is to raise £7m via a four-for-seven rights issue at 125p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Harrington Kilbride is to join the main market via a £3.5m placing at 120p.
Wharfedale is to raise £2.25m via a placing and open offer.

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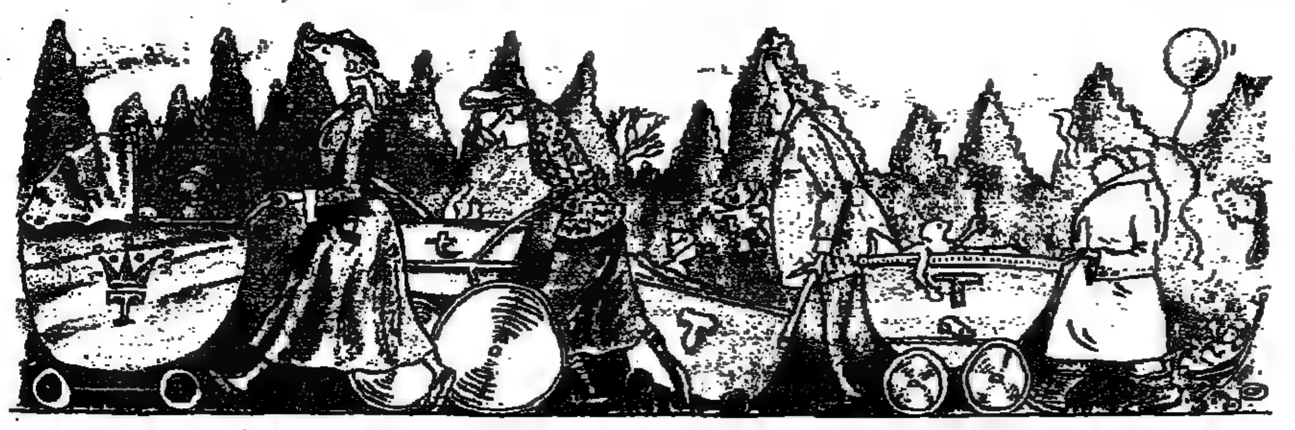
FINANCE AND THE FAMILY

One year on, Tessa finds her feet

John Major's financial baby is proving profitable and popular, reports Scheherazade Daneshkhu



TESSA (Tax Exempt Special Savings Account) is [redacted] to celebrate her first birthday. Many people will want to know how quickly she has grown – and whether to support her again next year.

The brainchild of John Major when he was Chancellor, Tessas were designed to encourage people to save by giving them the incentive of tax exemption on a potential total of £9,000 if held for five years.

The [redacted] widely regarded [redacted] Good Thing [redacted] reflected in the Labour party's intention not to tamper with them should it form the next government.

Tessas, which have been offered by most banks and building societies, have proved [redacted] straightforward, convenient [redacted] safe form of savings for taxpayers. An added advantage is that investors can get hold of their savings in an emergency, although this will mean foregoing the tax benefit on the interest.

[redacted] many non-taxpayers will have found them appealing because, in their desire to attract investment, many institutions offered higher interest rates on their Tessas than on their ordinary savings accounts.

For example, Barclays [redacted] rate was [redacted] per cent [redacted] its launch on January 2, rising to 14 per cent just [redacted] later, while [redacted] gross rate on [redacted] three-month investment account was 10.75 per cent. At the same time, Britannia BS was offering 15 per [redacted] Tessa, compared with 13 per cent on amounts up [redacted] £10,000 in its Trident High Option interest account.

These rates, combined with [redacted] benefit, certainly [redacted] savings, but it [redacted] debatable how much of these savings were "new". Most Tessas [redacted] by those investors with savings accounts simply transferring their funds into a Tessa. For example, 80 per cent of the 370,000 Tessas sold by Halifax Building Society in the first six [redacted] opened [redacted] which [redacted] straight out of other Halifax accounts.

In a survey this month of its Tessa account holders, [redacted] Prosper/Robert Fleming found that 81 per cent of its clients had [redacted] first year deposit while 74 per cent [redacted] intended depositing the maximum £1,800 in Year Two.

On the other hand, government figures show that £7bn has been deposited into Tessas from January to September compared with £4.1bn in January and February. The Treasury says that the £3bn difference, without the incentive of [redacted] of [redacted] bonuses for [redacted] in the first months, probably indicates "quite [redacted] bit of new money".

The table shows the projected [redacted] of £3,000 put [redacted] a Tessa at the first anniversary of its launch. The figures take into account the different [redacted] changes throughout the year and assume that the present [redacted] rate holds through to the first anniversary. We have omitted the few institutions [redacted] launched their Tessas after the end of February.

The average growth across the accounts was 12.9 per cent, which, given that inflation has been 4.3 per cent over the past year, means that Tessa [redacted] have enjoyed a [redacted] tax-free return of 8.6 per cent this year.

This performance probably flatters Tessas, since they [redacted] launched at a time when base rates were high. The general [redacted] that [redacted] likely to be lower in the 1990s.

It must also be stressed that [redacted] merely the first year's returns. Some accounts which have done well to date [redacted] offering competitive [redacted] in [redacted] Five. Others, [redacted] may [redacted] have done so [redacted] date, [redacted] good towards the end of the term.

It [redacted] many [redacted] the best [redacted] have been given by smaller banks [redacted] building [redacted]. This [redacted] usually because they [redacted] attract small amounts of money [redacted] therefore afford to [redacted] rates [redacted] some of the larger institutions, [redacted] inevitably [redacted] sizeable deposits. [redacted] institutions [redacted] included in the survey because they [redacted] not [redacted] to attract more [redacted].

Many [redacted] the institutions in our "best" [redacted] have benefited [redacted] they will [redacted] paying [redacted] the [redacted] the first year. Such bonuses [redacted] included in [redacted] table, [redacted] which will [redacted] paid on maturity (after [redacted] years) [redacted].

[redacted] example, the North [redacted] England [redacted] figure quoted [redacted] 1 [redacted] bonus for [redacted] which [redacted] to £30. A similar bonus paid by [redacted] maturity has [redacted].

For this [redacted] table [redacted] guide [redacted] year rather than [redacted] absolute comparison. You [redacted] check [redacted] what bonuses apply [redacted] your [redacted] writing [redacted] your [redacted] or building society in fury. For example, Norwich [redacted] Peterborough [redacted] a substantial 10 [redacted] bonus [redacted] initial first [redacted] deposit (maximum [redacted] which is payable [redacted] maturity.

[redacted] factor [redacted] into [redacted] the flexibility [redacted] your Tessa. [redacted] penalties, either in [redacted] form of an [redacted] fee, [redacted] period [redacted] notice.

[redacted] addition, [redacted] their [redacted] investments, [redacted] institutions structured their [redacted] so as to give maximum [redacted] those able [redacted] put in [redacted] whole £3,000 allowed in the [redacted] of [redacted] account. Some, such as National Counties or [redacted] Trust Bank, which have featured regularly in our [redacted] Rates for Your Money table, [redacted] even more.

National Counties requires [redacted] holders [redacted] deposit [redacted] further £1,000 in a feeder [redacted] at [redacted] lower rate of interest than the [redacted] Trust [redacted] the [redacted] requires [redacted] deposit of [redacted] for [redacted] Premier [redacted]. Rates [redacted] the feeder account for [redacted] £6,000 that [redacted] placed [redacted] dropped [redacted] 11.7 per cent net to 8.6 per cent.

Note [redacted] the table has [redacted] reversed [redacted] half point to [redacted] into the best [redacted] worst [redacted] the year. Northern [redacted] BS is [redacted] only one notch above Firstdirect in the list.

Tessa's [redacted] year has been relatively successful and [redacted] definitely up and walking. Some teething problems, such [redacted] the [redacted] of [redacted] operators, including Abbey National [redacted] Halifax, to accept [redacted] have yet to be sorted out.

TESSA LEAGUE TABLE

Building Society/Bank	Value	% growth	Launch rate %	Rate today %	Transfer penalty
BEST					
North of England BS	[redacted]	14.5	14.0	12.5	Y
[redacted]	[redacted]	14.6	15.4	13.1	Y
Julian [redacted] Bank	[redacted]	14.4	15.0	13.0	Y
[redacted] (Flexible)*	[redacted]	14.3	13.7	11.5	Y
[redacted]	[redacted]	14.2	15.0	12.6	Y
[redacted] BS	[redacted]	14.2	13.8	12.0	Y
Melton Mowbray BS	[redacted]	14.0	14.0	14.0	Y
[redacted] BS (Maxi)*	[redacted]	13.9	15.3	12.0	N
Coventry BS	[redacted]	13.8	13.5	11.6	N
[redacted]	[redacted]	13.8	14.0	12.5	Y
Woolwich	[redacted]	13.8	14.5	11.8	N
[redacted] Trust Bank (Premier)	[redacted]	13.7	14.7	13.2	Y
[redacted] BS	3411.77	13.7	14.0	12.5	Y
Cambridge BS	[redacted]	13.7	15.0	12.3	Y
Lambeth BS	3410.32	13.7	14.0	12.9	Y
St [redacted]	3409.90	13.7	14.1	13.1	Y
Darlington BS	3409.60	13.7	14.0	12.9	Y
Tipton and Coseley [redacted]	3408.74	13.6	15.0	12.5	Y
Shepshed BS	3407.66	13.6	14.3	12.6	Y
Beverley BS	3407.63	13.6	14.0	12.5	N
[redacted] and Bingley (Optimum)	3406.06	13.5	13.0	11.3	Y
Dunfermline BS (Maximum [redacted]	3405.74	13.5	14.0	12.5	Y
[redacted]	3405.37	13.5	15.0	12.3	Y
Birmingham [redacted] (Lump Sum)*	3404.14	13.5	14.0	11.4	Y
Progressive BS	3403.06	13.4	14.0	12.5	Y
[redacted] BS	3402.93	13.4	14.5	12.0	Y
Mansfield BS	3402.06	13.4	14.8	12.0	Y
Cheshunt BS	3401.12	13.4	13.3	12.3	Y
Yorkshire BS	3401.00	13.4	14.8	12.3	Y
Monmouthshire BS	3400.92	13.4	14.0	12.3	Y
Clay Cross Benefit BS	3400.17	13.3	14.0	12.0	Y
Dryfield Finance	3400.00	13.3	14.0	13.0	Y
West Cumbria BS	3399.89	13.3	15.0	12.0	Y
Leeds & Holbeck BS	3399.87	13.3	14.5	12.3	N
Britannia BS (Platinum)	3399.58	13.3	15.0	12.0	Y
Stroud and [redacted] BS	3398.01	13.3	15.0	12.3	Y
Furness [redacted]	3397.34	13.2	13.8	12.3	N
Co-Operative [redacted]	3397.33	13.2	14.0	11.5	Y
[redacted]	3396.94	13.2	14.0	11.5	Y
Vernon [redacted]	3396.52	13.2	13.5	12.5	Y
[redacted] BS	3396.44	13.2	14.5	11.8	Y
Scarborough BS	3396.11	13.2	13.0	12.4	N
Clydesdale Bank	3395.47	13.2	14.6	11.5	Y
[redacted] BS	3395.46	13.2	13.3	12.0	Y
[redacted] BS	3395.15	13.2	13.5	11.8	Y
Barnsley BS	3393.91	13.1	14.0	11.8	Y
Tynemouth BS	3392.01	13.1	14.5	12.5	Y
Skipton BS	3391.59	13.0	14.0	11.6	N
Principality BS	3390.54	13.0	15.0	11.5	Y
[redacted] & Prosper/Robert Fleming [redacted]	3390.00	13.0	13.0	13.0	Y
[redacted] and Peterborough	3389.90	13.0	13.0	12.0	N
Haywards Heath BS	3389.39	13.0	14.6	12.3	Y
Londonderry [redacted] BS	3388.99	13.0	14.0	11.5	N
Mid [redacted] BS	3388.67	13.0	13.5	11.8	Y
[redacted] BS	3386.35	12.9	14.0	11.3	Y
[redacted] BS	3385.79	12.9	[redacted]	11.7	Y

Building Society/Bank	Value	% growth	Launch rate %	Rate today %	Transfer penalty
WORST					
Hinckley and Rugby BS	3319.82	10.6	12.5	9.0	N
Caledonian Bank	3335.47	11.2	13.5	[redacted]	N
Gartmore Money Management (Prime)	3341.01	11.4	13.0	[redacted]	N
Newbury BS	3341.49	11.4	13.5	10.1	Y
Newcastle BS	3342.56	11.4	14.0	11.4	Y
Staffordshire BS	3347.66	11.6	12.8	10.5	N
Swansea BS	3348.82	11.6	12.4	10.1	Y
Tyndall & [redacted]	3349.76	11.7	13.4	[redacted]	N
Municipal [redacted]	3350.30	11.7	14.0	[redacted]	Y
Chorley [redacted] BS	3355.29	11.8	13.0	11.0	Y
[redacted]	3358.00	11.9	[redacted]	11.4	Y
[redacted] Bank	3359.48	12.0	13.5	10.5	[redacted]
[redacted] BS	3360.19	12.0	13.5	10.7	Y
[redacted] & [redacted]	3360.59	12.0	13.1	[redacted]	Y
[redacted] & [redacted] (Bonus)	3362.00	12.1	13.5	10.9	Y
[redacted]	3362.65	12.1	13.0	[redacted]	N
[redacted] Allen	3363.04	12.1	13.6	10.3	Y
Bank [redacted]	3363.52	12.1	13.5	10.5	Y
[redacted] BS	3363.69	12.1	13.0	11.6	Y
Surrey BS	3365.02	12.2	13.5	11.0	[redacted]
Loughborough BS	3365.54	12.2	13.5	11.0	[redacted]
Royal Bank of Scotland	3366.85	12.2	13.7	11.0	Y
Stafford Railway BS	3366.00	12.2	13.5	10.5	N
TSB	3367.04	12.2	14.0	11.0	N
Saffron Walden BS	3368.66	12.3	13.0	11.5	Y
Bank of Ireland	3368.75	12.3	14.0	[redacted]	Y
Nottingham [redacted]	3369.04	12.3	14.0	11.0	Y
Cheltenham [redacted] Gloucester [redacted]	3371.80	12.4	12.0	12.0	N
Yorkshire Bank	3372.00	12.4	12.5	11.5	Y
Bristol and West BS [redacted]	3374.00	12.5	14.3	11.7	Y
[redacted]	3374.16	12.5	14.0	11.3	Y
Harpenden BS	3374.75	12.5	14.0	11.5	Y
Southdown BS	3374.92	12.5	[redacted]	12.0	Y
Midland Bank	3375.23	12.5	13.5	11.0	N
Allied Trust Bank (Classic)	3375.61	12.5	13.7	12.0	Y
Ipswich BS	3376.69	12.6	13.0	11.5	Y
Barclays Bank	3376.85	12.6	13.0	11.0	Y
Gainsborough BS	3378.26	12.6	13.7	11.3	Y
Ecology BS	3378.71	12.6	[redacted]	11.4	Y
Holmesdale [redacted]	3378.93	12.6	14.0	11.5	Y
[redacted] Permanent BS	3379.15	12.6	13.5	11.0	Y
Lloyds	3379.84	12.7	14.0	[redacted]	Y
National Westminster	3380.30	12.7	14.0	10.5	N
[redacted] United [redacted]	3381.13	12.7	14.0	11.5	Y
[redacted] BS	3381.25	12.7	14.5	11.0	Y
[redacted] & Prosper/Robert Fleming (Variable)	3381.45	12.7	15.3	11.9	Y
Dudley [redacted]	3382.27	12.7	14.5	12.0	Y
[redacted] BS	3382.42	12.7	14.0	11.5	Y
Hanley [redacted]	3382.44	12.7	14.8	11.3	Y
[redacted] Bank	3383.59	12.8	14.5	11.5	Y
[redacted]	3383.82	12.8	14.0	12.5	Y
[redacted]	3383.88	12.8	13.5	[redacted]	Y
[redacted] BS	3385.00	12.8	13.5	11.4	Y
[redacted] BS	3385.66	12.9	14.5	11.5	Y
Buckinghamshire BS	3385.68	12.9	14.0	12.0	Y
[redacted]	3385.77	12.9	13.5	11.0	Y

*Replaced or withdrawn. Current rates [redacted] with the help of Blay's Money Maxer (0753 [illegible])

Futures fund from L&G

LEGAL & General is launching the first retail authorised Futures and Options Fund. FOFs are unit trusts which were created by changes to Securities and Investments [redacted] regulations [redacted] beginning [redacted] September. They can invest up to 10 per cent of their funds in futures and options.

This [redacted] stops [redacted] from "gearing". FOFs must [redacted] all [redacted] potential exposure with underlying holdings of securities. They are therefore different from Geared Futures and Options Funds (GFOFs), which can invest up to 20 per cent in derivatives, have the potential to lose all their money, and have caused controversy.

With the bulk of its funds invested in a cash account, Legal & General's trust will aim to pay a yield higher than that available from the average equity income trust.

However, it will not hold any shares. Instead it will use index futures (but not options) as a quick and cost-effective way to gain exposure to stock markets. When equities seem relatively over-valued, gilt index futures will be used to gain exposure to bonds. Thus it makes no attempt at stock-picking; any gains should come from broader [redacted].

The UK [redacted] Allocation Trust will [redacted] with [redacted] 1 [redacted] on the [redacted] price available until January [redacted] front-end charge [redacted] 6 [redacted] cent, with [redacted] annual management charge [redacted] 1.5 [redacted] cent. Minimum [redacted] £1,000. [redacted] projected yield [redacted].

Legal & [redacted] accepts that the concept [redacted] complicated, [redacted] heavy marketing [redacted] public will not [redacted] until [redacted] built up a performance [redacted]. However, the [redacted] hopes [redacted] virtue [redacted] fund's [redacted] switch [redacted] shares [redacted] or [redacted] when the equity [redacted] over-valued. L&G's [redacted] strategy would have meant switching out of equities some [redacted] Monday. [redacted] funds could not do this.

John Authers

The rich voice their suspicions

THE RICH are cautious and cynical folk. According to a report from IFT Marketing Research*, most of those interviewed were risk-averse and suspicious of more sophisticated financial products.

IFT found that the wealthy were in a state of "inertia combined with ignorance or only vague awareness over wide areas of financial relevance."

The well-off may think they are ignorant but their comments seem shrewd. On PEPs, one respondent had identified one of the problem areas. He said: "From my reading of it the tax advantages you are supposed to get from a PEP are skimmed off in fees by the people who are operating the PEP – at the end of the day you're not really all that better off."

Cynicism was a common condition. Said one retired GP: "I've had a stockbroker but I don't think their advice is worth having as they don't care if their shares go up or down. Their tips are gambles, like racing tips." A retired retailer said: "I believe all advice is biased and basically down to commission. I think the banks' advice is tunnel vision and they can only advise on their own products."

Some had been soured by the 1987 crash. One woman who was persuaded by a saleswoman to switch money from Lloyds Bank into Allied Dunbar unit trusts a month before Black Monday said: "She [redacted] us to buy into these unit trusts [redacted] were virtually foolproof; they had performed magnificently for ten years, until [redacted] bought them."

There were misunderstandings. One interviewee said he was not interested in National Savings because he still paid tax – but some NS products [redacted] attractive [redacted] high rate taxpayers.

IFT interviewed [redacted] people with assets of £50,000 or more.

* *Marketing Financial Services [redacted] published [redacted] IFT Financial Research, [redacted].*

Philip Coggan

Single company PEPs launched

THIS YEAR no launch of a financial product has rivalled the hype for Tessas 12 months ago – but Single Company Personal Equity Plans (COPEPs) are trying hard, writes John Authers.

COPEPs were the only big concession for savers in Nor[redacted] Budget and, like [redacted] year, they come [redacted] on [redacted] Day.

Regulations governing them [redacted] just [redacted] announced by the Inland Revenue, and now [redacted] of offerings [redacted] has started.

COPEPs are conceptually the same as normal PEPs – they [redacted] equity investment free of income and capital gains tax. However, the maximum limit is only £3,000, while ordinary PEPs investing in equities are allowed to hold £6,000. Most important, with a COPEP, the shares of only one company may be held.

You can hold [redacted] COPEP in addition to a PEP, so it is possible to invest £9,000 per [redacted] directly into equities, tax-free. You can take out a [redacted] PEP and put all of the £6,000 [redacted] one [redacted], which means that you can have [redacted] holding of £9,000 in one company, tax-free.

[redacted] into [redacted] stocks is usually sensible, so [redacted] might not appeal. [redacted] have a significant advantage. Many investors found that minimum dealing charges made active management of old-style PEPs impractical. Shifts from one stock to another could be justifiable, [redacted] commissions wiped [redacted] best to hold on to [redacted] portfolio, and avoid dealing.

[redacted] deals, so should [redacted] significantly cheaper. They are targeted [redacted] company incentive schemes, allowing employers to offer employees a tax-free [redacted] in [redacted] company.

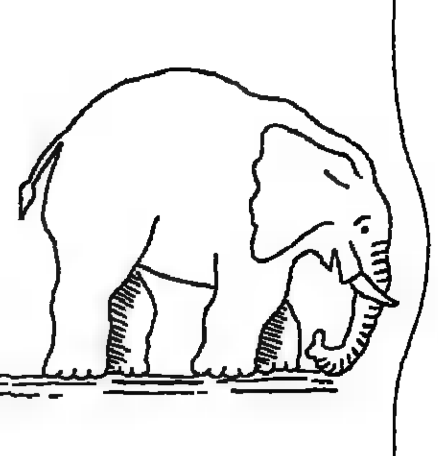
A pioneer of [redacted] concept [redacted] CC&P, now part [redacted] Woodrow, [redacted] will [redacted] 20 [redacted] with backing [redacted] ing companies. [redacted] your [redacted] has [redacted] scheme, [redacted] should [redacted] worth looking [redacted].

The City [redacted] leapt [redacted] opportunity [redacted] provide [redacted] product [redacted]. Lloyds [redacted] week launched [redacted] of [redacted] single-company PEPs. Another 31 companies are planning [redacted] the [redacted] COPEPs, according to [redacted] PEP Advice; [redacted] will [redacted] available [redacted] January 2 onwards.

[redacted] FTSE [redacted] – for example Hill Osborne, Invesco [redacted], Sheppards [redacted] Yorkshire Bank – [redacted] others, including [redacted] Provincial, Bell Lawrie White, [redacted] Stanley, Credit Suisse, I.A. Pritchard, Jarvis, John Siddall, and Trumark [redacted] Services, aim [redacted] an [redacted] of companies.

Charges, as yet unclear, will [redacted] how good [redacted] final [redacted] not have [redacted] flexible charms, [redacted] in [redacted] ways they [redacted] much longer [redacted] commitment. [redacted] dividends [redacted] company at [redacted] low cost [redacted] look appealing.

STEWART IVORY Unit Trusts



PUSHING BEYOND THE RECESSION

In January of this year Stewart Ivory [redacted] ranked 1st, [redacted] of 91 management groups, in *The Sunday Telegraph's [redacted] Management Group of the year survey.

In February, 5 of our unit trusts appeared in †Money Observer's top ten tables. Both surveys were for [redacted] year performance.

[redacted] we're far from satisfied.

Although we're delighted [redacted] be [redacted] over one year, that [redacted] not [redacted] goal. It's [redacted] deliver long-term consistent results. With above average [redacted].

And with that in mind, [redacted] management [redacted] fully examining future growth companies around the world. Seeking to deliver strong portfolios that [redacted] beyond the short-term peaks and troughs. And the awards.

If you'd [redacted] know more about our full range of world-wide unit [redacted] please write [redacted] Stewart Ivory Unit Trust Managers Ltd, 45 Charlotte Square, Edinburgh EH2 4HW. Or telephone 031-226 3271.

Please bear in mind though that the value of units may fluctuate and past performance is not necessarily a guide to their future performance.

STEWART IVORY
We aren't big But we're careful
Members of IMRO and LAUTRO
*Source: Micropal. †Source: Planned Savings [redacted] Data Services.

CONTRACTED BUSINESS SERVICES

The FT proposes [redacted] publish [redacted] survey on February 24th 1992.
It will be of considerable [redacted] to our readership of Chief Executives, Finance Directors, [redacted] Directors [redacted] Managers- the very people who [redacted] responsibility for employing [redacted] contractors. If you [redacted] reach this important audience, call
Jessica Perry
on 071 873 4611
or fax 071 873 [redacted]

Data [redacted] RC [redacted]

FT SURVEYS

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£10,000	£112	£50
£15,000	£135	£50
£20,000	£153	£50

*Based on a Fidelity survey of commission charges of 8 stockbrokers offering a similar execution-only service as at April 1991

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MINDING YOUR OWN BUSINESS/FINANCE AND THE FAMILY

T[illegible] ONE ancient beverage: a dying country tradition: an American Anglophile: some 17th and 18th-century barns and the latest in high-tech equipment mix well: and let stand [illegible] few [illegible]

The result? The Lurgashall Winery, [illegible] six-year-old concern which makes mead (a drink made from fermented honey well known to the early [illegible] and English country wines; traditional, formerly home-produced wines made from native fruits and flowers such as blackberries, apples and elderflowers.

Lurgashall is the brainchild of Jerry Schooler, [illegible] Englander who [illegible] lived in the UK for 20 [illegible] Schooler, [illegible] consultant and a former [illegible] lecturer in management [illegible] City [illegible] London Polytechnic, has long harboured a passion for wines and winemaking. He [illegible] been a judge for the [illegible] Wine [illegible] Spirit Competition since 1972. [illegible] an [illegible] traditionalist. Schooler makes mead [illegible] country wines from historically [illegible] recipes. [illegible] winery's aim, he says, [illegible] "the bottling of history".

"I [illegible] we're the only company making real, traditional mead:" he says. "The key is in diluting honey with [illegible] then fermenting it with yeast. [illegible] of our competitors blend honey with cider, it's cheaper: but it [illegible] authentic."

Schooler started the company by buying [illegible] Malmesbury Mead and [illegible] Company in [illegible] for roughly [illegible] in 1985. That, like much of the [illegible] business, [illegible] from what [illegible] his [illegible] "inherited [illegible] accumulated funds". In return for his investment, he [illegible] very old equipment [illegible] bulk-mead [illegible] use mead for [illegible] eval banquets.

His plans for [illegible] company, however, [illegible] very different; [illegible] operation [illegible] ble [illegible] producing 1.5m bottles [illegible] In addition, [illegible] winery [illegible] to [illegible] criteria. [illegible] had [illegible] harmon[illegible] prod[illegible] would produce. [illegible] bought [illegible] 17th [illegible] 18th-century barns and relocated them at [illegible] Windfall[illegible] in [illegible] There, [illegible] were painstakingly renovated. The whole project has [illegible] "over £500,000" [illegible] date. The [illegible] to [illegible] as [illegible] efficient. Conservation and historic buildings awards testify [illegible] success [illegible] the first aim,

[illegible] what about [illegible] more basic problems of productivity?

[illegible] winery [illegible] its recipes [illegible] be traditional, [illegible] is nothing [illegible] business methods. The old Malmesbury machinery, was quickly replaced with the latest wine making equipment. Lurgashall boasts a laboratory [illegible] purification system. Modern methods [illegible] used [illegible] ing. The winery employs four full-time and [illegible] part-time [illegible] and is run by [illegible] management. The [illegible] offices are computerised and there [illegible] an emphasis "recycling everything".

Schooler's strategy [illegible] working. Lurgashall's turnover, [illegible] risen from [illegible] to over £425,000 in [illegible] years, and production has jumped [illegible] 150,000 bottles pa. The bulk-mead market [illegible] up roughly 5 per cent of business and [illegible] winery has expanded [illegible] range [illegible] include [illegible] berry, elderberry, apple, elder flower silver birch wines (made from birch sap) and barley wines; [illegible] fruit liqueurs (peach and blackberry); spiced mead and an English Muller Thurgau wine.

Mead [illegible] produced for [illegible] historic sites and homes (Hampton Court, [illegible] Castle [illegible] among them), and Lurgashall's products are carried by 500 stockists throughout the UK, including Fortnum and Mason's and Selfridges. About 1 per cent of sales is exported, mostly to Germany.

The company has had its recession problems – not [illegible] in [illegible] banking [illegible]

"The banks (Barclays in this [illegible] unsympathetic," [illegible] explains. "They have frozen my [illegible] and want more equity, even [illegible] our debt-equity [illegible] very low. All [illegible] money for the building [illegible] my [illegible] money, and borrowings have [illegible] mainly for machinery. Nevertheless they [illegible] tried to force [illegible] to put more [illegible] down my overdraft."

Suppliers [illegible] allowing [illegible] only [illegible] interest on his credit while he arranges [illegible] foreign loan. The [illegible] is coming, he says, "basically from the US", but more than that he will not divulge. Instead, [illegible] frustration on the banks, which he [illegible] only [illegible] cash, [illegible] understanding the [illegible] of small companies.

"Our business [illegible] We [illegible] purchase raw [illegible] rials [illegible] stock-up [illegible] time; our [illegible] minimum [illegible] make. It's [illegible] years [illegible] the break-even point and, [illegible] we've [illegible] it, the bank [illegible] cutting [illegible] draft facilities and raising charges."

Schooler hopes, eventually, to turn the company into [illegible] plc and plans to draw small [illegible] 10,000 [illegible] For now, he con[illegible] himself with developing [illegible] wines (a sparkling strawberry [illegible] release) [illegible] maintaining the standards of his existing [illegible] The [illegible] are good and [illegible] awards to [illegible] it; [illegible] won [illegible] silver medal in [illegible] International Wine [illegible] Spirit Competition.

"We set Lurgashall up in a quality image," [illegible] concludes. "It's [illegible] classical start-up situation; you lose money, and then just when you're starting to make money, the bank steps in and wants more of it. Things will happen [illegible] time [illegible] on. [illegible] from [illegible] standpoint, it's magnificent how we're expanding."

■ *Lurgashall [illegible] Windfallwood, Lurgashall, near Pet[illegible] 0428-78292. [illegible] are [illegible] 9-5; Sun 12-4.30.*

Tony Andrews

Spirit of history: Jerry Schooler pours a [illegible] of his elderflower wine at Lurgashall Winery

Old wines in new bottles

Jamie Ambrose meets [illegible] American who makes traditional wines

Computing

Christmas reading for software set

David Carter picks self-teach computer books to give this year

WITH Christmas coming up it's stocking filler time. If your loved one is getting grumpy because he or she is getting nowhere with the new computer package, why not give a self-teach book to replace that difficult software manual?

From [illegible] large number of [illegible] books available I have made a personal selection, broken roughly into three categories. The first is the introductory guide of around 100-200 pages which helps you get your bearings. The second, [illegible] the [illegible] comprehensive guide [illegible] 400-700 [illegible] which takes you through the [illegible] and beyond to a more [illegible] level. The third [illegible] applications-oriented book which, rather than how it works, [illegible] you [illegible] you can use the package *for*.

I have relied heavily on titles *from the master,* [illegible] son. Recently [illegible] client and I [illegible] working through [illegible] *Understanding* [illegible] *IV.1.* Two hundred [illegible] tutorial [illegible] flawless – crystal clear, [illegible] fectly paced: [illegible] that Simpson [illegible] reading your mind. Introductory books tend [illegible] priced around £10, mid-range [illegible] and [illegible] applications [illegible] (which [illegible] "templates" already [illegible] up [illegible] floppy disk) around £30. If you cannot find them at your local bookshop, try ordering directly by credit card from Computer Manuals on 021-706-6000 or from Parks Bookshops 071-928-5378. Many beginners to computing start by buying an Amstrad PCW 9512, which has recently been relaunched with [illegible] bubblejet printer. But [illegible] manual [illegible] truly terrible. If friends have bought [illegible] PCW and are on the point of giving up, give them a copy of *Using* [illegible] by John Campbell and hope will revive. The more experienced PCW [illegible] will appreciate *Exploiting the Amstrad 9512* by Campbell [illegible] Pye (both [illegible] by Heinneman Newtech).

[illegible] ago we had [illegible] reader struggling with Microsoft Works. Out [illegible] a dozen [illegible] books I would recommend *Using Microsoft Works,* by Douglas Wolf (Que). On the applications side *Putting Microsoft* [illegible] by Cobb and Parker (Microsoft) shows you how to use Works for all sorts of jobs including budgets, mailing lists, and time recording. An [illegible] purchase for any Works user (disk available separately).

Another integrated package [illegible] PFS: First Choice for which I recommend [illegible] *First Choice,* by Katherine Murray (Que). And for sentimental rea[illegible] I [illegible] include Douglas [illegible] superb [illegible] *Symphony* (Sybex) on which I learnt Symphony.

There are hundreds of books on Lotus [illegible]. I like three from Sams – the really excellent *10 Minute Guide to 1-2-3* by Murray and Sabotin, *Best Book of Lotus 1-2-3,* by Simpson, and *Lotus 1-2-3* [illegible] *Business* by Michael Griffin which comes with [illegible] disk full of applications at the back. (NB check the release number of your software). For the Supercalc user try *Using Supercalc 5,* by Perry and Lateer (Que).

On the word processing front Wordperfect is the market leader. Simpson has written the definitive blockbuster *Mastering Wordperfect 5.1.* (Sybex). For a quick start try the *10 Minute Guide to Wordperfect 5.1.* by Katherine Murray (Sams). The [illegible] experienced Wordperfect user might appreciate the tips and examples on how to use the immense power of this program, which may be found in Simpson's companion [illegible] *Wordperfect Cookbook* (Sybex). Or if they want to realise its desk-top publishing potential, try *DTP with Wordperfect 5.0, 5.1* by Roger Parker (Ventana Press). In the Wordstar stakes, *Wordstar 6 Made Easy,* by Walter Ettlin (Que) is popular.

When it comes to databases, Simpson reigns supreme with his *Understanding* DBase IV.1, and *Mastering* Paradox. If you are a new [illegible] & [illegible] user try his *Up and Running with Q & A.* (all Sybex).

For those who fancies themselves [illegible] bit of a whizz on computers, *Running MSDOS* by Van Wolverton (Microsoft) will make him the perfect gift. *The* definitive and comprehensive book on DOS, it is nonetheless "written by a human being, for a human being, in a strange and wonderful tongue: English".

At a lower level, the newcomer to computing will appreciate the *PC Crash Course and Survival Guide* by Peter Harrison (PC Productions). Finally, if you want to explore the world of Windows, [illegible] couple of good introductory books are the [illegible] *Guide to Windows,* by Murray and Sabotin (Que) and *Up and Running with Windows 3.0* by Gabrielle Wentges (Sybex).

■ *In spite of its odd title, The* [illegible] *Hacker's Dictionary,* edited by Eric Raymond (The *MIT Press, 14 Bloomsbury* Square London), could be a welcome present for [illegible] with [illegible] general [illegible] puting, [illegible] Wilkinson. The word "hacker" is used in its older sense of programmer. Nor is this a dry reference work. The entries amount to a spicy and sometimes provocative survey of the world of computing, while providing a useful explanation of difficult terms that sometimes crop up in advertisements of manuals.

This is not a book for people who want to know the difference between RAM and ROM (random access and read only memory). It is more a window into the hacker's world – *as in* "Easter egging" (The act of replacing unrelated parts more or less at random in the hopes that the problem will go away); perhaps a book for the smallest room in the house of an amateur programmer, to warn him never to stray into the dark woods of the professionals.

Back tax on mileage

SINCE I was appointed a director in 1983 I have had the use of a 12-seater Land Rover instead of [illegible] company car.

The Inland [illegible] was [illegible] of this and has annually questioned why I have needed such a [illegible] The Revenue has always been satisfied with my replies.

Under the new rules governing the use of commercial vehicles by directors and employees, I am now [illegible] be taxed on private mileage, including the [illegible] from home to work and [illegible]

Unfortunately, my accoun[illegible] now informs me [illegible] I will also [illegible] liable for tax on previous [illegible] Can the [illegible]nue make a retrospective judgement when until April 1991 it has [illegible] my using this particular [illegible]

■ On the [illegible] outlined, we see no reason [illegible] doubt what your accountant [illegible] you. On July [illegible] Inland [illegible] issued [illegible] statement [illegible] practice on cases [illegible] it [illegible] recover unassessed or underassessed liabilities. You may like to write for a copy of this formal statement (SP8/91 – Discovery assessments) to the Inland Revenue Public Enquiry Room, Somerset House, Strand, London. WC2R 1LB.

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

A rocky marriage

MY SON'S marriage is heading for the rocks, with little chance of avoiding them. Because he has vested the major part of his resources in his wife, he stands to be left destitute by any divorce settlement. Also, because his wife appears to be psychologically unstable, the welfare of their three children may be at risk.

Can I rewrite my will so that, if I should die before any divorce settlement is final, his inheritance would be in a discretionary trust for his benefit, but not assessable as part of his wealth?

If I should put part of the inheritance in a separate trust for his children, might he be one of the trustees without affecting the safeguard?

■ Yes, you can effect a discretionary trust as you suggest. However, you may wish to consider giving your son a life interest on protective trusts (ie preventing it from being alienated) with remainder to the children.

Directors' Transactions

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED [illegible] USM)

Company	Shares	Value	No of directors
SALES			
Birse Group	50,000	61	1
Booker	2,340	11	1
Brooks Service Grp	25,000	25	1
CIA Group	72,000	104	1
CML Microsystems	620,000	2,250	4*
EMAP	10,000	25	1
Gleeson (MJ) Grp	5,000	45	1
Hawker Siddeley	88,216	645	1*
Lloyds Chemists	44,042	133	1*
London Intl	78,600	226	1*
Merchant Retail Grp	500,000	183	1
More O'Ferrall	16,000	37	1
Prowting	12,500	20	1
Sheffield Insul	300,000	330	1*
PURCHASES			
Allied-Lyons	2,000	12	1
Bunzl	27,500	22	2
Casket	1,100,000	231	2
Clyde Petroleum	20,000	16	2
Evered Bardon	100,000	66	1
Ferry Pickering Grp	14,000	14	3
Goodhead Group	305,050	134	1
Molins	18,000	60	5
OMI Intl	25,000	[illegible]	1
Penna	33,000	27	2
Perkins Food	32,570	49	1
Richardsn Westgarth	20,000	10	1
S'son, Murray & Eld	11,000	53	2
Shield Grp Con Pref	299,467	22	1
Simon Engineering	7,000	15	1
Toye & Co	9,375	19	2
TSW-TV South West	100,000	48	1

Value expressed in [illegible]. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all [illegible] including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 2-6 December [illegible]

Source: Directus Ltd, Edinburgh

ONE-OFF transactions dominate our sales column this week and CML Microsystems is the only company where more than one director is selling. Three directors exercised options and sold the lot, while chairman George Gurry exercised and sold 60,000 shares, but also sold a further 400,000 reducing his holding to just under 4.4m. The share price has more than doubled since the beginning of the year.

Molins has finally shrugged off the unwanted attentions of US-based Leucadia. The latter's 48 per cent stake was recently placed with institutions, but directors took the opportunity to top up their own holdings, buying a total of 18,000 shares at 332p. Not surprisingly the shares retreated at the announcement of Leucadia's sale, but they remain well above the levels of earlier this year.

A large purchase in TSW-Television South West comes after the company failed to retain its ITV franchise, but just before the announcement that it had won a judicial review of the ITC's decision.

Last week we highlighted buying in quarrying company Evered Bardon and now we see more of the same. Chief executive Peter Tom has bought 100,000 shares at 65.5p bringing his total holding to almost 11m shares. Tom was formerly chairman of Bardon before it merged with Evered.

Angus MacDonald, Directus Ltd

MINDING YOUR OWN BUSINESS

TRANSLATORS WANTED
Japanese-English [illegible] for newspaper articles. Knowledge of gene[illegible] economy, [illegible] and industry required. Journalistic experience [illegible]ferable. EC national [illegible] appropriate [illegible] permit.
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PROPERTY

Cash in on your house

MUCH OF the peerage has long been land-rich but cash-poor. Hence the Social Season – the rigidly coded marriage circuit which enables new money to be grafted on to old titles by marrying off well-bred youngsters to well-heeled ones. Few property-rich but cash-poor home-owners can extend that principle to their lives. Owners with *low-mortgage or mortgage-free* homes who lack free cash need to review more prosaic options to turn their real estate into spending money.

In the mid-1980s, the UK's demographic forecasters said that in a country in which 7.3m homes have a head of household who is at, or [redacted] retirement [redacted] – 3½m of which are owner-occupied with paid-off [redacted] – demand for purpose-built retirement properties [redacted] be at least [redacted] 100,000 [redacted] until the century's end. No-one has argued with the notional figures. However, [redacted] they [redacted] to [redacted] account-of is the extreme caution indicative of the sector. Older owners do not rush into change – evidence of the inertia is that few of these sheltered homes have been completed since those forecasts were made.

There is further evidence of inertia in the age profile of people who do buy such properties. Sheltered housing schemes are aimed at people aged 55 and above, but the industry-average age for buyers is in the late 70s. The blunt truth is that most people do not take seriously the business of matching their housing to their changing needs. Yet, they do have a broad choice.

At the top of any list of how to turn bricks and mortar into cash has to be the one thing that many older owners think that they do not want to do – which is to sell. One of the most effective ways of putting the emotional bar to the sale of the family home into perspective is to analyse its running costs. Quite apart from the easier management of a smaller property, the running costs, especially of a newer property, should make for continual savings.

What about prices? After two years [redacted] falling values, many older homeowners [redacted] reluctant [redacted] accept that [redacted] sell only [redacted] price [redacted] ignores [redacted] high points of the housing market in 1987-1988. That is a "mind-lock" that should be irrelevant to anyone who bought earlier.

Unless an owner did buy at those peak prices, the only "value" that has been lost is *notional. The "loss" of cash is* as real as the football pools fortune that could have been won by someone who does not do them.

Some may find that their house has hidden value. If you do not use all of your home, why not let part of it?

Owners of detached houses have a host of potential separate-entrance options. Since the 1988 Housing Act, renting part of the house need not involve any of the old problems that made landlords and tenants a wary combination. The "assured tenancies" created by the Act make it easy to let part of your home at a full *open market price on terms* which ensure that you can end the letting if there is any problem.

The Association of Rental Agents, which represents several hundred agencies across the UK, can provide the name of a local specialist rental firm.

Looking at your house through the eyes of a stranger can inspire sources of alternative income. It might not be the property itself that has hidden earning power but the location, even if that locational value might [redacted] only [redacted] sional.

A classic example of this would be properties [redacted] the Wimbledon [redacted] in [redacted] London. For 11 [redacted] of the [redacted] are pleasant family [redacted]. For [redacted] month [redacted], from a [redacted] or so [redacted] championships, they are extremely *highly-valued* furnished homes for rent.

A racecourse [redacted] neighbourhood, any significant sporting event, a carnival or a regular exhibition could provide the periodic attractions that draw in high-paying home renters. Homeowners can find it surprisingly simple [redacted] for such [redacted] by contacting [redacted] rental agencies.

If there is no appeal in a sale, in the division and part-renting of [redacted] house, and no suc[redacted] in finding windfall income, there is still an array of possibilities for raising [redacted] on [redacted] house.

Re-mortgaging [redacted] increasingly [redacted] for [redacted]. However, loan [redacted] offering [redacted] "benefits [redacted] re-mortgage" at a highly competitive rate have to be treated with care. Often, it is difficult to distinguish between an expensive [redacted] in [redacted] "off-the-page" coupon-reply advertisement.

A number of [redacted] now [redacted] interest-only [redacted] owners. If they plan [redacted] live in their home for the rest of their lives, the capital cost of [redacted] loans will [redacted] of interest only to the inheritors, since a slice of the sale proceeds will go to the re-mortgage lender to pay off the capital sum.

It is possible to get an interest-only re-mortgage where the interest charges are "rolled-up." In such cases, the capital sum is increased by the amount of interest that would have been paid, and that sum total comes off the proceeds when the property is sold. One key point is that there is no tax relief on rolled-up interest charges. As a result, the unpaid interest can build up to quite a sum over the years.

One useful option is to resist the temptation to pay off every last penny of the mortgage when the loan is coming to an end. Leaving a few pounds outstanding means that the lender keeps the deeds. That saves worrying about where they are, and also means that most of the paperwork is in place if you do decide to raise a fresh loan.

It is [redacted] possible to [redacted] normal repayment mortgage [redacted] periods of [redacted] 15 [redacted] even for [redacted] well beyond retirement [redacted] lenders apply [redacted] rules.

[redacted] formal cash release [redacted] fall into [redacted] types: home income plans [redacted] schemes.

[redacted] income plans – or [redacted] annuity [redacted] – are, in essence, interest-only re-mortgages of [redacted] property. A loan of up to 65 to 70 per cent of [redacted] property's valuation is [redacted] to buy a [redacted] through an annuity. Part [redacted] annuity income pays [redacted] interest; the [redacted] is retained by the occupiers. These plans [redacted] repaid when the property is sold, [redacted] surplus [redacted] price over [redacted] loan [redacted] repayment [redacted] those who inherit the estate.

[redacted] reversion plans are quite different, [redacted] *sale of* [redacted] *to a company* for a lump sum. The cash [redacted] way [redacted] "owners" [redacted] except they would have sold [redacted] property for [redacted] comparatively cautious percentage [redacted] value and retain only a [redacted] right [redacted] occupation. [redacted] the [redacted] occupier, [redacted] property reverts [redacted] reversion company. [redacted] schemes have strengths [redacted] weakn[redacted].

[redacted] sound investment for anyone considering raising [redacted] from their home, [redacted] trying to advise [redacted] family [redacted] on [redacted] possible [redacted] latest edition [redacted] David Bookbinder's [redacted] *for Age* Con[redacted], *Housing Options for* [redacted] *People*, available from Age Concern England, [redacted] London Road, London [redacted] 4ER, price £4.95 including post[redacted] packing.

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Builders have been sale and lease-backing show houses for some time to avoid tying-up [redacted] unnecessarily.

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An island of treasures

THE RUDDY-faced ploughman sucked on his pipe. "That's just a load [redacted] yoppul from they overners," he chuckled. [redacted] on the Isle of Wight. Rumours [redacted] plans for a bridge from [redacted] mainland were circulating [redacted] again.

"Overners" are what island[redacted] call anyone in the world unfortunate enough not [redacted] be born on their 147-square-mile meadow-clad lump of chalk [redacted] south coast of England. "Yoppul" means, well, yoppul . . .incessant, useless gabble.

The Isle of Wight is England's largest electoral constituency, with 101,784 [redacted]. At [redacted] a quarter of [redacted] are "over[redacted] retire [redacted] known [redacted]. The word "Wight" [redacted] thought [redacted] mean "raised from [redacted] sea." In fact, the [redacted] stealing it [redacted] by erosion.

There are about [redacted] house[redacted] island, [redacted] owner-occupied. Employment [redacted] highs and [redacted] depending on the holiday trade; overall, unemployment [redacted] the highest in [redacted] England.

[redacted] prices tend to fluctu[redacted]. According [redacted] Godfrey Winterson of Fox and Son (part of Royal Life), these were running [redacted] about 25 per [redacted] below [redacted] *UK averages in 1987.* [redacted] boom brought prices [redacted] within 10 per [redacted] of main[redacted]. Now they have slumped – but [redacted] mainland locations. Industrial space is letting for [redacted] a square [redacted] suites for [redacted] a [redacted] foot.

The climate is mild, and [redacted] gentle beauty. Tennyson stayed there for years, taking [redacted] daily walk [redacted] Freshwater [redacted] the Needles. Osborne [redacted] was [redacted] royal [redacted]idence [redacted] until Queen Victoria's [redacted] in [redacted].

The island's [redacted] exciting new development is in the *heart of Cowes, overlooking* [redacted] harbour. John Lelliott [redacted] just completed the [redacted] phase of Admiral Gardens: flats [redacted] penthouses with between one and three bedrooms, set in four [redacted] of gardens. Built [redacted] high specification, these are attracting buyers [redacted] holiday homes and for retirement.

A total of [redacted] will [redacted]tually be built. The price range [redacted] for a one-bedroom unit, up [redacted] for a penthouse with views [redacted] the Solent (details from Watson, Bull and Porter).

[redacted] the most welcoming houses [redacted] the [redacted] was [redacted] "The Pitts" at Bonchurch. The four-bedroom Cliff Cottage, with a [redacted] terrace and a view of [redacted] Channel, [redacted] gard[redacted] price [redacted] £225,000.

The same [redacted] offering the Shell House, in East Cowes, at £62,500. The house was [redacted] gift from Queen Victoria to a fish seller who had [redacted] a couple of boys for being naughty; one of them turned out [redacted] be [redacted] prince. The Queen [redacted] him for [redacted] action and gave [redacted] house, which he covered in [redacted] show his gratitude.

David Hoppit [redacted] *properties for sale on the Isle of Wight*

For £290,000 Savills has Downcourt Manor, in nine [redacted] of grounds [redacted] *Catherine's Down* [redacted] Whitwell. [redacted] cheaper, [redacted] the Tower House [redacted] Binstead, built in about 1860. [redacted] gardens [redacted] down to [redacted] private slipway and [redacted].

Albert Cottage – actually a rambling mansion, [redacted] part of the royal Osborne estate – includes six self-contained apartments in [redacted] main [redacted]. Carter Jonas [redacted] its future may be as [redacted] leisure enterprise; the suggested price is around [redacted].

For [redacted] buyer who [redacted] to [redacted] Isle of Wight but prefers [redacted] keep [redacted] or her [redacted] planted [redacted] the mainland, [redacted] *Jackson of Lymington* is selling [redacted] house, [redacted] Keyhaven. Vidle Van Farm dates [redacted] and has views [redacted] countryside [redacted] the Solent and the distant island. Offers around [redacted] invited – and plans for [redacted] bridge [redacted] of yoppul.

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A voyage to the end of history

MANY YEARS from now, when the [illegible] and consensus has emerged, [illegible] men in quiet rooms will write the history of the break-up of the Soviet Union.

With the benefit of hindsight, with selected [illegible] and well-ordered arguments, the happenings of the early 1990s will take on a shape and fall into a larger pattern of meaningful events. The wonderful thing about history is that it [illegible] so [illegible]. Nothing, of course, could be further from the truth when history is actually in the making.

Not long ago, I flew 2,000 kilometres south from [illegible] to the remote Georgian capital of Tbilisi. Georgia, in breaking away from the Soviet Union to pursue a new economic and political life, is in the midst of [illegible] changes with very real consequences. Nonetheless, Tbilisi is a place of such anomaly, confusion and high [illegible] tion that it rapidly became [illegible] unreal to me, a city of comic pantomime where absurdity has taken [illegible] from daily life. Those images of Georgia that remain [illegible] strongly with me are, unlike history, [illegible] reasonable at all.

■ ■ ■

On a dark and fog-bound Moscow night, some 350 people [illegible] across an icy runway [illegible] an aircraft waiting to take them to Georgia. With them, I [illegible] under the belly of an Ilyushin Il-86, a monster of an aircraft with [illegible] bays. For half an hour, we wait in a [illegible] of jet fuel fumes and the deafening [illegible] of the aircraft's engines. Finally, the hydraulic gear operating the bays is unjammed and the crowd, [illegible] faster by the minute, surges forward.

These days, Aeroflot is as chaotic as the government that [illegible] it. There are many more passengers on the tarmac than [illegible] on the aircraft, and nobody wants to be left behind. I [illegible] the last flight out before the fall of Saigon [illegible]. It [illegible] have been worse than this.

Ham-fisted stewardesses, [illegible] over-made-up faces contorted in rage, [illegible] the crowd. The crowd beats back the [illegible]. There are [illegible] and shouts as men barge past old women. Babies are passed overhead from mother to father. Enterprising and athletic young men climb up to the [illegible] on the side of the stairway. There are denunciations, disputes, denials and ejections.

When the doors finally are closed, the aircraft skids and judders down the runway for take-off. What amazes me is not my broken [illegible] but the dozen or so homeward-bound Georgians who have managed to stay aboard without seats. As the aircraft lifts into the air, they are standing in the aisles casually blowing clouds of smoke and tapping cigarette ash on the floor. I do not blame the black exchange student beside me who [illegible] his eyes and crosses himself. Rural African bus rides are organised better.

■ ■ ■

God forbid I should [illegible] dealings [illegible] Third World professionals trained at Soviet universities. For three nights in Tbilisi, I stay with my new African friend at a residence for post-graduate exchange students. They come from countries of which we in the West are not overly trustful – Syria, Yemen, Libya, Vietnam, Bulgaria and the like. Perhaps, in the end, we are right not to trust them.

These young men are supposed to be studying complicated things – physics, biochemistry, medicine. My African friend is supposed to be studying cardiology. The trouble is that, like everyone else in the residence, he has no time for study; he is too busy hustling.

His bursary [illegible] bring him much to live on, but having a foreign passport in the Soviet Union is one way of making a quick turnover – it allows travel and access to hard currency. My friend may be a bit hazy on the details of by-pass surgery, but he has perfected the art of bringing carloads of jeans from Germany into [illegible].

I meet chemical engineers living on foreign exchange speculation, urologists making small fortunes on computer software imports, astro-physicists unloading cut-rate CD players.

In fact, it is perhaps a good thing that, since the latest unrest, the university has been closed down altogether. It gives these students more time for their [illegible].

■ ■ ■

Russia has stopped sending food and essential goods to Georgia. The shops are empty. The people are in need and suffering. That, at least, is what the papers say and what my eyes tell me. But do the Georgian people know it?

I am unable to spend much money in Tbilisi, not because of shortages but because nobody will let me. At the end of a meal in a restaurant, I discover the man at the table next to mine has paid my bill. Taxi drivers refuse to take money from me. Strangers invite me home for feasts.

In the Desertiris Bazari, Tbilisi's largest market, a ragged old women insists I take gifts of radishes and aubergines; things she could sell and I do not want. Why? I ask her. You are our guest, she replies: foreigners must be shown hospitality. What would this woman make of London? I wonder.

■ ■ ■

The Hotel Tbilisi, on Rustaveli Prospekt in the centre of town, was built before 1917 and is full of mouldering, pre-Soviet elegance. It is also full of bullet holes and broken windows. What it is not full of is guests; few tourists these days show much stomach for the gun battles and bloody demonstrations that have raged up and down the street outside in the past few months.

How much is a room? I ask the Intourist guide at the desk there one morning. The reply is firm: "$120." That is the official government price [illegible] there is nothing for less.

By afternoon, when I stop in again, the official price, it seems, has dropped to $80. By evening, rooms at the Tbilisi can be had for $32. And if that is too much, the clerk can find me a room in a private house for $8. It is not only students in Georgia who have discovered elasticity and the free market.

I move into the Tbilisi and spend my first evening watching Donald Duck cartoons in the lobby [illegible] Guardsmen [illegible] dropped in during a night patrol. There is something about the giggling of [illegible] men cradling Kalashnikovs that unnerves me.

■ ■ ■

The gun-toting guardsmen who saunter up and down Rustaveli Prospekt are not the toughest characters in town. Just a hundred yards up the street, in front of the sand-bagged Georgian parliament building, a large party of squat, leather-faced peasant women – twice as tough – is ensconced.

They have been bussed-in from the farms and villages of Georgia's rural provinces. They sleep in tents on the sidewalk, blow their noses on their fingers, and spend the days in rough political harangue.

Through a Georgian-speaking friend, I ask one of these women what she is doing here. Protecting the national revolution and the president, she barks back. Who was elected by a landslide? she asks. President Gamsakhurdia, she answers.

Who [illegible] independence from the Soviet Union? Who is Georgia's greatest anti-communist? Strongest nationalist? Who now is being attacked by Georgians who care nothing for their country? Every patriot, she spits, must rise to the defence of President Gamsakhurdia. A band of armed criminals and traitors is out to do its worst and bring him down.

■ ■ ■

In a camp in which they have retreated in the hills above Tbilisi, I meet the criminals and traitors. In gold-framed glasses, [illegible] and a track suit, Tengez Sigua looks like a businessman, which in a way he is. Until recently, Sigua was President Gamsakhurdia's chief economist and Prime Minister. Today, he is a leader of outlawed political opposition to the Gamsakhurdia regime.

In camouflage fatigues and combat boots, Tengez Kitovani looks like a military commander, which he is not. Although the President appointed him head of Georgia's National Guard some months ago, he is by profession a painter. These days, he commands the faction of the guard that has broken away from, and now opposes, the Government.

The [illegible] and the painter may be tired and worn out, but they have not given up. They cannot afford to – the President has declared them coup leaders and they remain free only in this camp of armed supporters.

Tengez and Sigua tell me long tales of woe; of the jailing of political leaders, the bloody breaking-up of opposition rallies, the imposition of media censorship. They speak of sweeping presidential powers, corruption and cronyism, and a total failure to move towards democratic government and a liberal economy. Neither Europe nor the US will have anything to do with independent Georgia. Authoritarian Soviet rule, it appears, has been replaced by Georgian dictatorship.

■ ■ ■

Battling air hostesses, painters turned military rebels, armed Donald Duck fans – the closer one gets to the events in the trans-Caucasus, the more chaotic and confused they seem. One thing, though, seems clear – in the elation of independence, nationalist emotion has proved stronger than political and economic reason. To the outsider, the result is sometimes comic absurdity. For the moment, however, Georgians are not laughing. It will be up to the [illegible] of the future to determine whether they have not, in fact, been taking part in a long-term tragedy.

Nicholas Woodsworth visits the breakaway state of Georgia

Weary of change: an old woman is overshadowed by Georgian National Guards

Where health means wealth

NIZHNA Arianda, the exclusive sanatorium which [illegible] once the preserve of the Soviet Cabinet of Ministers (including Valentin Pavlov, the disgraced former Prime Minister), will soon open its doors to Western businessmen. The shift illustrates how the basic commodity which fuels the Soviet system is changing.

In the past it was [illegible] influence, and nothing flaunted it better than a luxurious [illegible] in Yalta. Now it is money, preferably foreign money, and the status symbols of the old regime, soon to be transformed into tourist hotels, are seen as a good way of earning it.

With an openness to foreign currency comes an openness to foreign journalists. Thus, I recently became one of the first two Western reporters to penetrate the elite compound perched on Crimea's rocky coast overlooking the Black Sea.

As we drove through the high steel gates in a silky black Volga – the apparatchik's car of choice – I felt a not entirely unpleasant thrill. The Soviet Union is so shabby, its potential so vast and its government formerly so severe, that one imagines its ruling class to live in [illegible] splendour. Where else would all the loot go? What else would make the system worthwhile?

These mysteries are still unresolved, because the sanatorium itself was a bit of an anticlimax. Our winding descent through the lush subtropical Crimean forest was not rewarded by a breathtaking vision of Imelda Marcos-style excess. Instead, a modest but immaculately clean, three-storey post-war building, nicely framed by the palm and cypress trees in the foreground and the sea behind, swung into view as we rounded the last corner.

Inside were two-room suites outfitted with all the standard features: television, radio, a functioning toilet. But apart from the telephone – which connects the top few thousand Soviet leaders and, in contrast to the phones used by the average citizen, actually works – [illegible] uncovered no traces of shocking extravagance.

The most powerful men in the Kremlin took holiday in hotels just slightly less comfortable than the average Hilton. The highest praise Viacheslav Pishchenkov, the deputy director, could lavish on a particularly fine piece of fake antique furniture was to explain: "It's from the West."

Of course, through Soviet eyes – and after four months here I sometimes feel I am developing them – the scene would look a little different. Nizhna Arianda is clean, its [illegible] are happy and its employees [illegible] with a smile. It seems, in short, not to be a part of the Soviet Union, an impression that, with Nikolai [illegible] Baranovsky, Yalta's deputy mayor who [illegible] on our tour, agreed.

The biggest perk Nizhna Arianda had to offer the tired apparatchik was privacy. Although almost all the 100 rooms were occupied, we encountered only five other people during our afternoon stroll through the spacious grounds, from the sauna to the tennis courts to the pebbly beach. This is a privilege indeed when contrasted with the standard Soviet experience of cramped apartments, over-crowded public transport and jostling queues.

The other luxury was a sense that comfort was important. The Soviet Union is a country where telephone operators regularly hang up if a customer's request [illegible] tedious, a flight attendant's normal tone of voice is a shriek and cashiers customarily curse anyone who has the audacity to disturb their personal chats.

In these circumstances, Nizhna Arianda's considerate staff were an unaccustomed balm. Our delicious three-course meal was served promptly and politely. Everything from the park bushes to the bed linen was pristine. Someone had even bothered to ensure that the bathroom tiles matched the upholstery in the sitting-room.

Pishchenkov is confident that another selling point with Western executives – the first batch is due to arrive this autumn and will pay [illegible] (£1,130) for 12 days of full room and board – will be Nizhna Arianda's extensive medical facilities.

The sanatorium has everything a hard-working Soviet bureaucrat might need: from [illegible] rooms complete with treadmills and encephalograms to a newly-invented Soviet device, produced by a former defence factory, which treats ulcers with shortwave radiation. But, as we tried to explain, few Western business people will be queueing to have their dental work done in the Soviet Union, no matter how competitive the price.

Pishchenkov and his staff do have one quality sure to appeal to the foreign executives they would like to attract – discretion. Pishchenkov allowed that the days of the coup "were very frightening," all the more so because Nizhna Arianda was packed with government officials whose jobs hinged on the putsch's outcome. But although Pishchenkov let slip that many of his guests arrived as Cabinet ministers and left as ordinary citizens, he refused to name names.

All the same, Yalta is unlikely to mourn the passing of the days when it was "the bedroom of the Communist Party." Baranovsky explains: "Every summer we used to tremble because not just one minister came here, all of them did." He realises that Western business people may have [illegible] exacting standards than the Soviet nomenklatura, but thinks that they will be less stressful guests. After all, the most severe punishment they can mete out for unsatisfactory service is to leave a miserly tip.

Chrystia Freeland reports from a playground of the Soviet elite

Hobby Horses/Nigel Spivey

Superhumanist effort

UNDERSTANDING [illegible] art is apparently as straightforward as understanding [illegible]. Once you learn the language, you can [illegible] and bad in what it says. [illegible] theory [illegible] but most of us [illegible] to master the discourse of abstraction, and [illegible] properly thwarted when we go to an art gallery and find ourselves in front of a pile of bricks, or random splodges on a canvas.

"Superhumanism" is the antidote to bricks and splodges, and all the other hocus-pocus of 20th century art. Part of its appeal is owed to the late [illegible] Knight, who observed that people at an exhibition were, in fact, more [illegible] in looking at each other than at the pictures: [illegible] people and turned them [illegible] exhibits.

This, in retrospect, was pure Superhumanism. It held a mirror to people as they were, not as they would like to be. If anything can be distilled as the essence of Superhumanism, it is the vision which [illegible] trained upon humans rather than angels. But it would be silly to [illegible] art-critical about this. "Superhumanism" was thrown out as a sop to the art critics by a gallery owner called Nick Treadwell. [illegible] them a Movement to conjure with. As we all know, art critics get very lost without Movements, Schools and so on.

The term brought immediate respectability to divers artists whose only combination came from Treadwell's display of their work in one place. That place [illegible] a gallery in London; then a gallery near Dover; and now, a gallery that occupies four floors of a former textile mill in Bradford, West Yorkshire.

Treadwell is not immune to the irony that his [illegible] coinage of the term "Superhumanism" has now turned into a credo; but he believes in what it stands for as strongly as ever he did, and it is obvious that his enthusiasm for this rigorously androcentric art is infectious.

On the Continent, several successful Superhumanist shows have been staged; and this gallery in Bradford, a model of what can be done to [illegible] a potential eyesore, has arrived at the point of further development.

A visit to Treadwell's Art Mill, in the Little Germany quarter of Bradford, will horrify the connoisseurs of non-figurative art. It is a forest of figures. Many of them are life-size, or over. No single technique of depiction dominates. Some are [illegible] bronze. [illegible] modelling clay. [illegible] of junk, and [illegible] are [illegible] on conventional [illegible].

As in any assemblage, some pieces command [illegible] for longer than others. But even a [illegible] would find it hard to get through this gallery dispassionately. Many of the [illegible] raise a laugh, many [illegible] provoke pain or displeasure. This is all intended. Although the episodes of everyday [illegible] the [illegible] subjects of commemoration, their [illegible] is [illegible] bland.

In the [illegible] of the word, this art is mundane. It [illegible] with the world and all the flow of life – with its chuckling surface, its abrupt turns of violence and pain, and its steady undercurrent of [illegible] icism. The [illegible] disappointment is that while Superhumanist artists make you laugh, or think, they do not elevate. The anchorage to mundanity means fixed prohibition on elevating art. Two old ladies, complete with Tesco carrier-bags, are as worthy of sculptural attention as [illegible] in her chariot; and that is a [illegible] of this gallery which requires a re-thinking of one's usual expectations before Art with a capital A.

The common complaint [illegible] exhibits, to which Treadwell [illegible] inured, is that such-and-such a piece – perhaps Marilyn Monroe, [illegible] – is [illegible] bad taste. Treadwell's reply, that life can be in bad [illegible] hardly [illegible] [illegible]. It remains a risk that he runs. As it is, expect your [illegible] at the gallery's vegetarian [illegible] to be complemented by some sticky anti-carnivorous images in the exhibition. [illegible] of this Superhumanism requires a strong stomach.

Children love the gallery. Treadwell not only provides [illegible] for artists on the top floor, but also [illegible] for young Superhumanists. Their debt to [illegible] Image [illegible] gets the better of them, but they revel in the style. One of the best-represented sculptors at the gallery is Graham Ibbeson, whose work any child would adore: his figures jump straight out of children's comic strips. This makes it an excellent place for a family outing, and is capped by one important consideration.

The entrance fee is half what it costs to get in to see the Pop Art exhibition at the Royal Academy in London; and my reckoning is that Superhumanism at Treadwell's offers at least twice the value of Pop at the RA.

■ Treadwell's Art Mill, Upper Park Gate, Bradford: open daily, 10am to 5pm. Tel: 0274-306 065.

Bath of Venus 1991, by [illegible] in paper pulp

As they say in Europe/James Morgan

Major's last stand

"BRITAIN [illegible] to debauch pound and exploit workers" was the headline I [illegible] this week. But this was the continental media [illegible] [illegible].

[illegible] thought that John Major had served Spain's interest in four key areas, from the social charter to majority voting. Le Monde hoped it was the last battle against Thatcherism. But it highlighted the ammunition the British had been given – the social chapter in the treaty. It enabled the British to exercise a "merciless and excessive struggle against it which almost wrecked the whole edifice."

Die Welt of Hamburg [illegible] that in the end it was all [illegible] up by "Rund, [illegible] und [illegible]". It quoted the Dutch [illegible] as saying: "It [illegible] the same as before, only he didn't have a handbag." For most papers, though, it was a case of "Eleven ahead, one who follows," as Liberation put it.

British [illegible] in the run-up to Maastricht can, in retrospect, be seen to have been mistaken. Major [illegible] appealed over the heads of his partners to the baser instincts of the peoples of Europe. It was only four days before the summit that the Germans really started to [illegible] about the implications of a single currency.

The Bild-Zeitung, which is [illegible] untutored foreigners can get at the Sun in London, was in good form. "The mark is being abolished – our lovely money," said the lead headline. Inside, Herbert Kremp ridiculed the idea that the stability of the Deutschemark would be transferred to the new Ecu. "In reality, it will be the reverse: the economies of our partners are not a patch on ours. Their public debt is galloping ahead and they find Germany's rate of inflation ridiculous."

The weekly Der Spiegel took up the cause: "The symbol of prosperity and stability must disappear, the Ecu comes. The Germans fear for their money. Is the price for Europe too high?"

On Tuesday, the organ of the late Franz-Josef Strauss, the Münchner Merkur, proclaimed: "If the D-Mark is sacrificed on the altar of Europe, in 1994 at the very latest there will be such a hurricane of rage that those who signed for Germany in Maastricht on December 10 1991 will be swept away."

The British did not play on German fears of other races who would mess up their "lovely money." Nor did they capitalise on fears of the Germans. The Dutch papers carried an opinion poll indicating "The Dutch aren't hot for Europe," as De Telegraaf of Amsterdam put it. The result showed that 45 per cent of those asked felt that the Germans would dominate the Community: only 16 per cent of this allegedly Euro-fanatic race actually wanted a united Europe. De Telegraaf itself said: "It would be no tragedy if the Summit failed."

The headlines in Le Figaro were revealing, too. "Germany leads, France follows." Another, reading "The victory of Germany," headed an article by a one-time minister and MEP, François Guillaume, who asked: "Must Germany be given in [illegible] what it could not get in war?"

Guillaume, noting the achievements of the Federal Republic, continued: "But this economic [illegible] quite naturally evokes political ambition, and it [illegible] the Chancellor [Kohl] to appear as a good European, if he [illegible] to be courted to achieve monetary union while raising the hurdle of convergence conditions, he also pushes political union, hoping to find in that the political authority he still lacks..."

To get back to the original point, though: the British government showed itself quite incapable of capitalising on the vast reservoir of ill-feeling and resentment revealed by these diverse quotations. One would even have thought that [illegible] bodies known curiously in Britain as "Euro-sceptics" and the Bruges Group could have descended quite easily from their high-minded hostility to foreigners, [illegible] their knavish tricks, to capitalise on the greed, fear and xenophobia that exists outside Britain as well.

* * *

The Italian for "summit" is vertice, which always delights those who attend summits in Italy. The Dutch, we now learn, is "top."

■ *James Morgan is economics correspondent of the BBC World Service.*

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FOOD AND DRINK

Austria's seasonal spirit

***Giles MacDonogh** meets [redacted] small producer of top-quality schnapps*

IN THE German-speaking world, schnapps [redacted] generic term which encompasses the whole gamut of distilled alcoholic drinks. The range of native products is impressive compared with Britain, covering not only the vodka-style Korn of northern Germany but also gin lookalikes such as the Wacholderschnaps or juniper schnapps I tasted recently in Berlin.

In the wine regions to the west of the country, some of the growers make Geleger or Glöger from the wine marc or Trester (sometimes called Trebernbrand) from the press wine.

In Swabia and the Black Forest the speciality [redacted] fruit schnapps which is made from distilled fruit musts which capture the purest essence of a pear, a raspberry or a plum.

Across the Inn, the Austrians can boast schnapps which are every bit as good if not better. There, wine and fruit is used as the basis for distilling – not grain. The secret of Austrian success is a certain amount of *laissez-faire* when it comes to the local equivalent of the customs and excise.

Whereas in France freelance distillers or *bouilleurs de cru* are being phased out by the government, and in Italy wine producers are required to send their marc hundreds of miles to be transformed into grappa, the Austrians still make all their schnapps at home.

The result is fresher and there is far less danger of methyl alcohol developing in [redacted] wine pressings.

[redacted] practised by Austrian schnapps' producers, [redacted] this was brought [redacted] by one of the country's most highly [redacted] distillers: Johann [redacted] in south [redacted] Styria. It was [redacted] told [redacted] about [redacted] sharp prac[redacted] of certain apricot schnapps' producers who "lengthen" their fruit [redacted] water before fermentation, *then bring back the flavour by* adding apricot essence.

He fetched a bottle of Alsatian *poire*: "This is disgusting, it is made industrially. I have just one still, I make everything here!"

Zieser's handmade schnapps have made him the darling of the Austro-German wine press. He does not make much from his eight hectares of orchards, and what there is is gobbled up *by a hungry market of hote*liers and restaurateurs from Vienna to Tokyo.

The top schnapps I was able to taste on a recent visit to Zieser's cellars was his Glockenapfel made from a local, bell-shaped apple; hence the name. All idea of Calvados should be put straight out of your head; Glockenapfel is a fruit schnapps made from healthy apples picked off the tree and *not from the ground*. The pulp is fermented just once and then run off into oak casks to round off the fruit and add a pale gold colour to the spirit. It is bottled after one year.

Glockenapfelschnaps has a wonderfully persistent sweet apple taste. Sadly, I was unable to try his Himbeer or raspberry schnapps as it had walked off the shelves straight after the summer bottling. A delicious quince schnapps, however, was available. Once again, Johann Zieser picks the fruit directly from the trees and does not wait for the bulbous yellow fruit to go brown and rotten on the ground. Trying it in October this year, I found the nose slightly reticent, but the Quitte came into its own on the palate with its marvellous taste of quince paste.

The quince schnapps differs from the Glockenapfel in that it is not housed in oak casks but is simply run into glass bon-bons and corked loosely. The same method is used for my personal [redacted] among Zieser's small range: his Kirsch or cherry schnapps.

Once again Zieser is careful to pick his cherries from the trees in his orchard. All imperfect fruit is discarded so that no taints or off-notes find their way into the distilled spirit. Four different varieties of charry are used giving the schnapps a subtle and delicate cherry [redacted] and a [redacted] creamy cherries in the mouth which goes on and on for ages.

It is Zieser's perfectionism which appeals so much to his restaurant customers. In Austria itself Zieser schnapps can be found in hotels like the Sacher or the Imperial in Vienna or in the city's best restaurants: Steirereck and Zu den drei Husaren. His schnapps is also available on Lauda Air and SAS flights.

■ **Information:** Johann Zieser, 8333 Riegersburg 66, Austria. Tel: 0 31 53/73 30. Fax: 0 31 53/74 30.

Appetisers

A very sweet wine treat

SWEET wines come into their own at Christmas and Fullers, the enterprising wine shops chain run by the west London brewer, has found a gorgeous *bargain in its Mvscat (sic)* La Croix St-Roch, £6.99. Labelled (unusually) with the impressively low vineyard yield of 25 hectolitres per hectare, it is scented and characterful but so sweet it needs a good chill.

At the same price, their Couilland Chardonnay 1990, grown in Muscadet country, is distinctly superior and classed-growth Château Belgrave 1983 a bargain at *£4.99*.

Scour Davisons' shops for a much wider range of mature claret bargains; and to get best value out of Marks & Spencer's wine range, use its thoughtful home delivery service.

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For any business traveller to London, and increasingly cost-conscious finance directors, there is some comfort in the prices on offer at the Colonnade Hotel in Warrington Crescent, Little Venice, London W9 (tel: 071-286 1052, fax 071-286 1057). This hotel has been in the Richards family for 44 years and room prices reflect the continuity of tenure. *Standard singles* with bath cost £60.50 and doubles £80. The prices include VAT, English breakfast and a 10 per cent service charge.

Underneath the hotel is a restaurant where, while the food and decor *might not* be exciting, the prices are reasonable – all main courses are £9.50. Inside the short wine list are some gems: Château Troplong Mondot 1971 is a bargain at £19.50. *The hotel is a minute from* Warwick Avenue Underground station and no more than 10 minutes' walk from Paddington BR station.

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Sausage maker Bill O'Hagan is busy producing his latest seasonal offering – turkey sausages. Working in south-east London, O'Hagan, his family and small staff produce 34 varieties. The sausages are available from his shop at 192 Trafalgar Road, Greenwich, SE10 (tel: 081-858 2833).

Franco Campioni: waits with charm and expertise

Front men fight back

***Nicholas Lander** calls for [redacted] magic [redacted] the dining [redacted]*

I DROVE 100 miles to watch Franco Campioni, at work as the restaurant manager at the Manor House, Castle Combe, in Wiltshire, and I knew he would not disappoint.

In September, I had been one of the judges in the *Meilleur Ouvrier de Grand Bretagne Les Arts de la Table* final in which Campioni had been the star. One diner remarked that she would be happy if Campioni served her breakfast, lunch and dinner. He even impressed my sternest fellow-judge, Bernard Epp, proprietor of the Michelin three-star restaurant, Le Crocodile, in Strasbourg.

Campioni entered the competition with some natural and professional advantages. No more than 5 ft 2 in (1.57m) tall, he advances towards a seated customer at eye level – there is no possibility of intimidation. Quick and agile on his feet – he will be 50 next year – he is modest and has a natural, elfin smile.

He [redacted] retained all his charm in spite of 30 years of looking after restaurant cus[redacted] the age [redacted] 14 Campioni enrolled at the Hotel School in Montecatini Terme in Italy and emerged [redacted] his [redacted] in [redacted] wanted to work in Germany but [redacted] to [redacted] an employment [redacted] and went [redacted] Bristol, in [redacted] England, instead. Since then, he has acquired his restaurant and wine knowledge at various hotels and restaurants in the West Country as well as fluent Spanish and French from chefs and fellow-waiters.

The finals in which he excelled tested these skills to the full. To qualify, Campioni had to write an essay on the role of the restaurant manager and pass a practical semi-final round. The finals took two days. *In the first half*, Campioni and the other four finalists had to endure a 90-minute exam on wines and cigars, a 30-minute language exam and an identification of wines, cigars and cheeses.

Campioni had to take bookings, make flower arrangements and, with two unfamiliar waiters, prepare the tables. He had to seat and greet 12 customers, serve champagne, take the orders and show his flair in coping with a menu that asked him to perform the gamut of any waiter's skills.

He served soup [redacted] a tureen, carved chickens and [redacted] of lamb, flambéed crêpes suzette, presented a soufflé, cut cheese and, finally, checked the bill. The judges stood and admired.

Sadly, the scope for these skills is rapidly diminishing. Over the past 20 years the centre of attention, power and influence in any restaurant has passed from the dining-room to the kitchen. Almost every modern dish is now cooked, plated and garnished by the kitchen staff, passed under the nose and eyes of the head chef, and then carried directly to the table. Waiters have become order-takers and plate carriers.

Consequently, many of the best young waiters have moved on to study wine and wine service because it provides a better outlet for their individuality. One of the principal goals of *Les Arts de la Table* exams is to encourage the young back into the dining room. But the biggest resistance comes not from waiters or customers but from chefs.

Those who enjoy good food would be delighted if Campioni carved a roast *pheasant* in front of them or, for dessert, were offered Campioni's particular favourite, a fresh, ripe peach peeled and prepared using a knife and fork. But for Campioni, and others, to have this *opportunity* the chefs have to hand back some of their power and rewrite their menus to give the waiting staff a chance to show off.

It is [redacted] transformation that is going [redacted] a long time. Space and economics rule out a [redacted] return to restaurant dining pre-1939 when [redacted] labour was plentiful. [redacted] even today, many catering colleges still teach their students how to *flambé*, carve meat and fillet fish at the table.

After leaving college many students find their future employers unwilling to let them perform. The occasional dish, such as a rack of lamb or a Gressingham duck, carved at the table would prove another, very different reason for not eating at home.

Chefs will, however, have to change their attitudes as well as their menus.

As the finals were hotting up, and the five contestants *were scurrying around their 60* customers, a door was thrown open and a number of top chefs swept in, expecting to be fêted and photographed. They were asked to step aside before they could interrupt the proceedings. But they had no doubt who were the stars of the show.

Let us hope that they will soon learn that although they can produce magic in the kitchen, others can produce it in the dining room – if they are given the chance.

■ The Manor House, Castle Combe, near Chippenham, Wiltshire. Tel: 0249-782206, fax 0249-782159.

IT OUTSHINES ALL ELSE

The extraordinary brilliance of Rémy Martin originates from the unique quality of light that shines in the exclusive Cognac districts of Grande Champagne and Petite Champagne. Only grapes ripened by this light are used to create Rémy Martin Fine Champagne cognac. The inimitable cognac that outshines all else.

REMY MARTIN
FINE CHAMPAGNE COGNAC

Where and what to buy

Merchants [redacted] *better-than-average selection from the overlooked* [redacted] *claret vintage –* [redacted] *buy in brackets – include:*

- Adnams, of Southwold, Suffolk. (Tel: [redacted] Ausone, £28.40.
- Anthony Byrne, of Ramsey, Huntingdon, Cambs (0487-814555). [redacted] Spleen, [redacted]
- Berry Bros [redacted] of St James's Street, London, SW1 [redacted] De Fieuzal, £9.80.
- Corney [redacted] Barrow, of [redacted] City, London, EC1 (071-251-4051). Canon Moueix, [redacted] and many [redacted]
- Lay [redacted] *Wheeler,* [redacted] Spleen, £9.89.
- Lorne House Vintners, [redacted] Cranleigh, Surrey (0483-271445). Léoville-Barton £11.50.
- Mayor [redacted] of London, SE1 (071-407-5111). Mouton-Rothschild, £35.25.
- [redacted] Verdin, of Pimlico, London, SW1 (071-630-8888). [redacted] May, £17.50.
- *Thos Peatling* [redacted] Anglia [redacted] London EC1 [redacted] Palmer, [redacted] and many others
- Raeburn Fine Wines, [redacted] Edinburgh. Sociando-Mallet, [redacted]

Young and fetching top reds

***Jancis Robinson** monitors the progress of the best value vintage in Bordeaux*

Treading down the grapes for the Bordeaux vintage

ONE OF Bordeaux's *many traditional* rules [redacted] you [redacted] not [redacted] think [redacted] drinking [redacted] top red [redacted] before their [redacted] birthday – but [redacted] vintages [redacted] 1987, which [redacted] only the cheapest [redacted] most drinkable currently [redacted]

In the old days you often *had* [redacted] wait [redacted] decade for [redacted] "light" vintages [redacted] soften [redacted] they [redacted] high in acidity and, sometimes, harsh tannins. [redacted] widespread application of [redacted] softening fermentation [redacted] greater understanding [redacted] the grape-ripening process, [redacted] red bor[redacted] is [redacted] approachable than [redacted] 20 or [redacted]

[redacted] nowadays you can drink *classed growth claret practically* from birth, but most years you should not [redacted] wait of 10 years or more *will* [redacted] in terms [redacted] added complexity. This [redacted] true [redacted] practically every glorious vintage of *the 1980s apart from 1987.*

A tasting of 60 of the best red bordeaux from this rain-dampened vintage recently suggested that it would be no crime to consume [redacted] single one of [redacted] now, [redacted] minute. Only Château Léoville-Las-[redacted] sculpted [redacted] uncompromisingly for the long term that it would be considerably more fun to drink in five years' time.

Tasting this vintage for the first time *en masse* for at least two years was instructive about the psyches [redacted] *château* proprietors, particularly in [redacted] Cabernet-dominated [redacted] and Graves.

The problem, actually [redacted] only problem, with [redacted] vintage [redacted] heavy rains fell, typically *just* [redacted] *some* [redacted] *juicy* Merlot [redacted] picked but diluting and impoverishing [redacted] later-picked Cabernet grapes. *Selection,* [redacted] the least ripe vats to [redacted] second wine [redacted] [redacted] off in bulk elsewhere, [redacted] *clearly* [redacted] important [redacted] usual in [redacted] (And second [redacted] much [redacted] *than usual,* [redacted] *my* view, unless they represent the only wine produced at the property that year such as Pensées de Lafleur, a rare affordable opportunity [redacted] buy [redacted] made at Pomerol's superstar Château Lafleur.)

Some proprietors seemed to have really worked at overcoming the difficulties of the year, producing wines that manage to be serious as well as precocious, either by rigorous selection, by dint of a Merlot-dominated vineyard as in Saint-Emilion and Pomerol or by particularly skilful winemaking. The rest seem just to have rolled over and let their *reputation coast for a year.*

The vintage is the obverse of the only other criticised vintage *of the eighties, 1984, when* the Merlot crop failed and so the preponderantly Cabernet [redacted] hard and [redacted] chock full of warm Merlot fruit. They have perfectly [redacted] *with* [redacted] aged [redacted] rim. In many the acidity is marked and in only *a handful is* there any perceptible tannin at all to suggest any further potential.

In general Saint Emilion and Pomerol fared best and I have yet to be disappointed by a 1987 Pomerol. But it is on the left bank of the Gironde in the [redacted] and [redacted] the sheep [redacted] sorted from [redacted]

Mouton [redacted] palate as [redacted] exciting [redacted] them all with a powerful [redacted] bouquet and silky *ripeness* [redacted] the palate [redacted] residual tannins. It [redacted] lovely already, *causing one* to wonder what on earth one is waiting for. Lafite has its fans *and it is certainly scented* but a bit too spindly for me, while Margaux is appetising and crisp if unexciting and Latour surely once of the lightest wines ever to emanate from this first growth.

Pauillac seems in general to have been the third most suc[redacted] commune [redacted] *good* [redacted] *well-balanced* Mouton-Baronne-Philippe, a lively Grand-Puy-Lacoste, an explosive Lynch-Bages, a slightly low key Pichon-Lalande [redacted] glorious Pichon Longueville (Pichon Baron).

Among [redacted] Juliens, only Leoville-Las-Cases really [redacted] out, as [redacted] preposterously ambitious with [redacted]nary depth of colour (presumably a reflection of Michel Delon's experiments with [redacted]centration processes) and broad, [redacted] structure. Significantly, Lagrange, [redacted] Mon[redacted] Delon [redacted] involved, is [redacted] exceptionally dark, clearly made for [redacted] intent if [redacted] *for short-term hedonists.*

Ducru-Beaucaillou and Leoville-Barton were both respectable [redacted] minor key.

[redacted] many dull Mar[redacted] (although I [redacted] Rausan-Segla whose [redacted] vintages have been [redacted] Palmer provides structure that [redacted] *although* it too [redacted] ready [redacted] drink.

La Mission-Haut-Brion [redacted] not [redacted] so [redacted] Haut-Brion itself but both [redacted] cernible character [redacted] current [redacted] Fieuzal [redacted] particular [redacted] good value, [redacted] Pape-Clement [redacted] unusually interesting [redacted]

This was [redacted] vintage that, [redacted] once, was not rapaciously priced [redacted]hen it emerged [redacted] to [redacted] market. The [redacted] Bour[redacted] therefore [redacted] been overlooked, and with good [redacted] in many cases, but [redacted] Chasse-Spleen, Gloria, Siran [redacted] Sociando-*Mallet can* [redacted] *provide honorable* exceptions [redacted] be drunk this [redacted] evening.

The art of ageing brandy

***Giles MacDonogh** tries some cognac aged in England*

THE practice of ageing cognac brandy in Cognac itself is comparatively recent. As a quality spirit, cognac dates back to the mid-18th century when foreign merchants (chiefly Germans and Irishmen) began to realise the importance of oak casks in the process of transforming raw grape spirit into fine, mature brandy.

Once filled, the casks did not stay put. As the Baltic timber and Irish cheeses were unloaded at Bordeaux, La Rochelle and Rochefort, barrels of cognac replaced them in the ships' holds, to complete their ageing process in Dublin, London, Hamburg or Königsberg.

Casks full of cognac age differently according to climate. The town of Cognac is hot and dry. There, the spirit loses bulk while retaining strength, producing a spirit which gains in complexity as it becomes more concentrated. In London (or Dublin and possibly even in Königsberg), the spirit behaves altogether differently: the cold, damp climate prevents evaporation – *la part des anges*, or the angels' share, as the Cognaçais call it – while strength, on the other hand, declines rapidly, so producing a spirit which is light, delicate, elegant and feminine.

These "early-landed" cognacs used to be something of a speciality of the British wine trade, which aged the spirit in the particularly clammy atmosphere of the London docks. The docks have gone but at least one company still keeps up the tradition of ageing cognac casks in damp British cellars.

The Bristol Brandy Company was a notable success story for its founders, John Barrett and Charles Heid. Started as a business expansion scheme, the directors were keen to acquire casks of cognac, and to age and bottle them in Bristol. The BES did so well that the infant firm [redacted] bought [redacted] by Thomas Hine of Cognac in January 1989.

Last month, I tasted a range of early-landed Hine cognacs in the offices of the Bristol Brandy Company's London distributors, Heyman Brothers of Ebury Street. At the tasting, Barrett reminded me of something I had written about Remy Martin: "We like to think of Remy as the Château Latour of cognac, while we are the Château Lafite." Certainly, a Lafite-like delicacy was noticeable in all the bottled cognacs I tasted. All seven of the Hines were extremely pale with no added caramel to provide colour and sweetness.

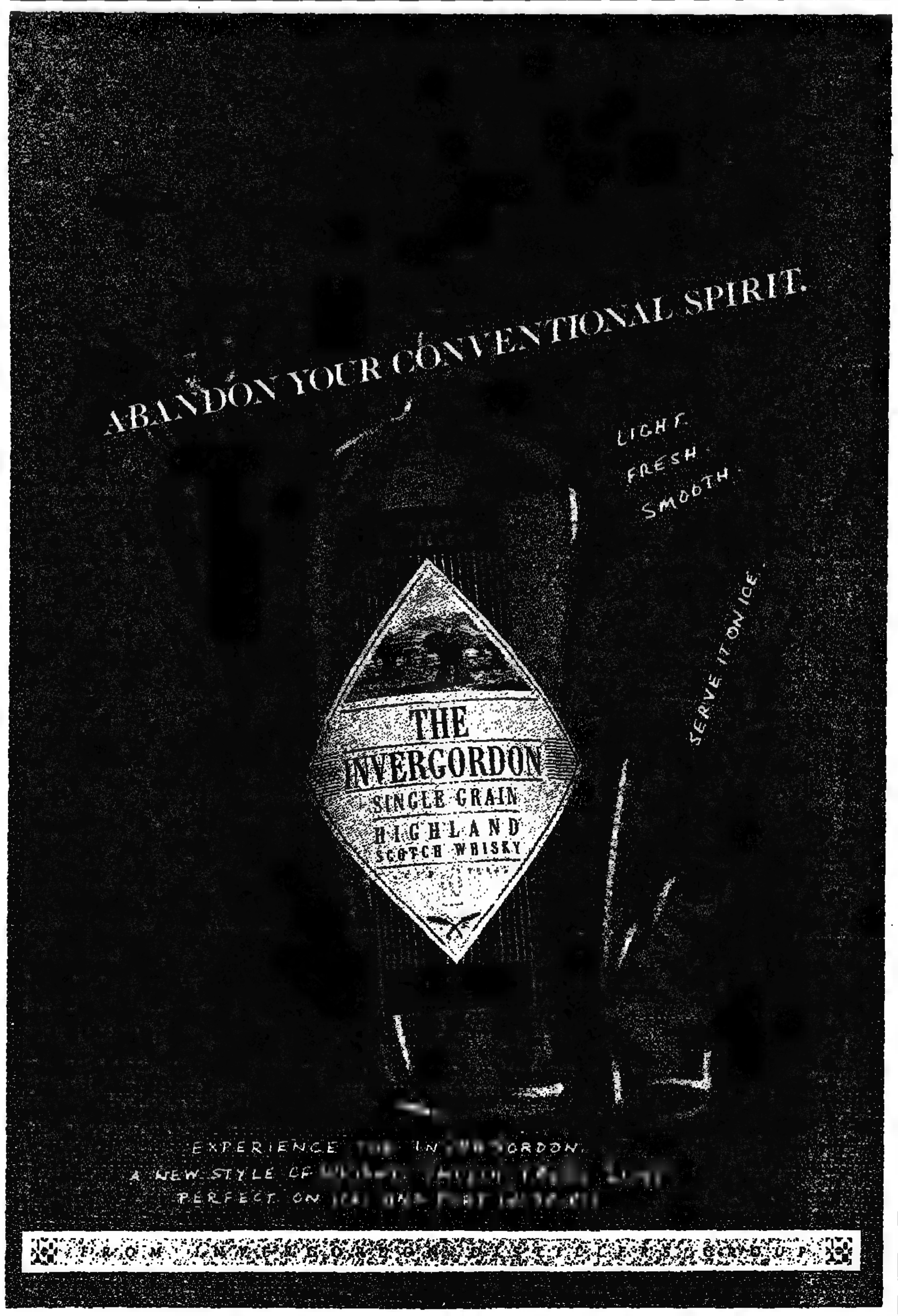
We started with a cask which had just been shipped from France, a 1988 with predictable fieriness which will not be bottled for another 15 years or so; and a very forward 1975 which, although also in cask, was already a pleasant drink with its bouquet of apricots and orange peel.

This orange and apricot character was also noticeable in the bottled cognacs. Early-landed cognacs do not develop that sherry/madeira-like "rancio" character which marks out old French bottled brandies, for the simple reason that the UK climate keeps the casks topped-up and prevents the gradual reduction and oxidation which is responsible.

Another major difference between early-landed cognacs and their French-bottled counterparts is that "British" cognac rarely requires to be broken down to 40° by adding distilled water; as with time, the alcohol loss occurs quite naturally. If the cognac is left too long, the alcohol level can creep well below 40°, making a watery, almost whisky-like drink which is not altogether pleasant.

There is an enormous variation from cask to cask and frequent checks need to be made to ensure that the cognac is not weakening.

A 1961 Hine would set you back a minimum of £84 (Christopher Piper, tel: 040-481 4139); but you can obtain the tangerine-scented 1971 for £55.13 (exclusive of VAT) from Heyman Brothers (071-730 0324), which stocks the entire range.



A crate of good reading

***Edmund Penning-Rowsell** selects a dozen of the best wine books*

I [redacted] this review of wine books by including [redacted] editions because, [redacted] many [redacted] drinkers, they *will* probably prove [redacted] most useful.

[redacted] Broadbent's [redacted] *Great Vintage Wine Book* (455pp, Mitchell Beazley, £30 hardback, £20 paperback) is a re-compiled version of the 1980 [redacted] updated to the end of last year. It contains his tasting notes, culled from 90 notebooks, on fine wines from all the leading wine-producing countries. Italy, Spain and New Zealand have been added, with the Californian and Australian sections increased greatly.

As head of Christie's wine department, Broadbent has had exceptional tasting opportunities. Bordeaux occupies [redacted] third [redacted] book, starting [redacted] a 1771 claret [redacted] a 1747 sauternes. Wine amateurs who delight to read about wines they can never hope to drink will enjoy this book.

David Peppercorn began his wine experience as a buyer and has visited more internationally known Bordeaux estates – and others less familiar – than any other wine professional. In this expanded edition of his *Bordeaux* (722pp, Faber, £14.99 paperback), first published in 1982, more details are provided [redacted] vineyard size, [redacted] make-up and [redacted] evaluation [redacted] historic vintages [redacted] more recent years up to 1989. Although little attention is paid to the history [redacted] that contributed [redacted] making Bordeaux [redacted] interesting [redacted] region in the world, this [redacted] is an invaluable, if bulky, reference work.

Robert P[redacted] *Burgundy* (1052pp, Dorling Kindersley, [redacted] is [redacted] comprehensive [redacted] his previous works. Divided into three parts, the first deals alphabetically with 640 growers and merchants. The second covers the *villages* and *appellations* from Chablis to Beaujolais; and in the third part, there is an appreciation of vintages from 1945 to 1989, along with his numerical ratings of growers' wines.

Parker runs the *Wine Advocate* newsletter and some of his material comes from that. The time he can spend on each wine must be limited; yet his ability to provide detailed descriptions of them [redacted] remarkable. From my far more limited experience, I have found the descriptions sound and perceptive. Less popular on this side of the Atlantic is his 100 (top) to 50 (bottom) marking system. Although it is [redacted] his intention [redacted] *may be* very small, temporary [redacted] even bottle-variation differences, the system might confuse less-informed consumers.

Detail from the cover of Tim Unwin's Wine and the Vine

For 200 years from 1762, Ch Latour was owned by three families. They were descendants of the Marquis de Ségur, proprietor of Lafite and Calon-Ségur. With absentee landlords until earlier this century, the managers were committed to correspondence that has since provided archives unrivalled in Bordeaux. Unravelled and published by a team of Bordeaux university professors, they have helped Nicholas Faith in [redacted] (100pp, Christie's Wine Publications, £11.50) to compile an account that will be [redacted] much [redacted] interest than any other Bordeaux château.

Faith also [redacted] the [redacted]*opment* [redacted] the property and the improvement in the wines [redacted] Latour was bought by the family [redacted] Lord Cowdray in [redacted] and then sold to the minority shareholder, Allied-Lyons, in 1989. It is a fascinating background [redacted] for serious amateur drinkers [redacted] fine claret. Faith has also enlarged and up-dated his profusely-illustrated history [redacted] *Château Margaux* (150pp, Mitchell Beazley, [redacted]

[redacted] *Wine Roads of Italy* [redacted] Marc and Kim Millon (529pp, HarperCollins, £19.99) is an almost frighteningly comprehensive guide to wine areas in Italy. Everywhere, the best producers are listed, along with regional food specialities, a selection [redacted] restaurants and details [redacted] where local wines [redacted] bought. It [redacted] into notes on funghi and the production of [redacted] A [redacted] rather than [redacted] *critical* assessment, this substantial compilation will be particularly [redacted] *to* [redacted] visitors.

Tim Unwin's *Wine and the Vine (409pp, Routledge, £40)* is not an easy read but provides a remarkably complete summary *of the historical* geography of viticulture in North and South America, Australia and New Zealand. Every relevant authority is quoted and acknowledged. It is rewarding for those prepared to follow the long, winding trail.

Cabernet-Sauvignon is the world's [redacted] fashionable red grape, grown everywhere from Bulgaria [redacted] Washington State. It stands, says Harry Eyres in *Cabernet-Sauvignon* (275pp, Viking, [redacted] "balance and appeals to the intellect," while its rival, Pinot Noir, "produces wines [redacted]" The [redacted] is devoted largely to Bordeaux, Australia and New Zealand, with descriptions and [redacted] recommenda[redacted] It [redacted] not restricted [redacted] *Cabernet-only vineyards,* which enables him to write on nearly 100 Bordeaux estates with appraisals of their best vintages in the past decade. A surprising omission is Figeac, unique in St Emilion for its 85 per cent Cabernet-Sauvignon.

Stuart Piggot's *Riesling* (219pp, Viking, £12.99) follows the same pattern and appears appropriately to counteract the fall in Riesling's reputation [redacted] by [redacted] proliferation of low-quality, over-sweetened examples of [redacted] the world's finest grapes. Germany provides the biggest slice of the book but Austria is well represented as well as Australia and *California. The prize outside* Europe is awarded to New Zealand, particularly for this botrytis-affected [redacted] wine.

Fiona Beeston, an English wine writer [redacted]led in France, writes in [redacted] *Wine Men* (176pp, Sinclair-Stevenson, £15.95) about [redacted] dozen highly-individualistic wine growers and a couple [redacted] Paris merchants. They include a professional pianist *manqué* who made the wine [redacted] Dom [redacted] Chevalier; a peasant's son who became a director of Ch Latour; and the owner of the celebrated Coulée de Serrant vineyard on the Loire. An engaging book, enlightening on how good wines are produced outside the big estates.

Although in *New Classic Wines* (272pp, Webster/Mitchell Beazley, £19.99) Oz Clarke runs briefly through the European wine centres, his enthusiasm is reserved mainly for wines from Australia, New Zealand and California. He maintains that for quality at an affordable price, Australia leads the world. It is difficult not to be swept away on a flood of excitement over these "new wines." Some may feel that he [redacted] a certain monotony in many.

Obtainable in Bordeaux from Feret et Fils, 9 Rue de Grassie – and impossible to ignore for Bordeaux experts – is the 14th edition of *Bordeaux et Ses Vins* (1976pp, Ffr 550.) *Published* first in [redacted]50 by an Englishman, Charles Cocks, it contains every [redacted] of information about Bordeaux likely to be required. The order has been re-arranged partly and Lafite has been restored to head the Pauillac list, as in the 1855 classification. One should still take with a pinch of salt the adulatory notes on many of the 1,350 châteaux listed. Some were written by the owners.

هكذا من الأصل

FOOD AND DRINK

Puddings that you don't need to cook

Philippa Davenport with fruits, nuts, cakes and sweetmeats for the Christmas dessert table

IN THE beginning my Christmas menus were laden with rich and dark cannonball plum puddings, shortcrust and puff pastry mince pies – and, of course, lashings of brandy butter, which was the real reason for all the stodge.

As the bathroom [illegible] began to [illegible] under our weight, and lighter [illegible] came into fashion, I adapted my offerings accordingly. My plum puddings turned frosty. The [illegible] version, spiced and [illegible] with nuts and fruits plumped up in [illegible] juice and brandy, proved just as popular as hot Christmas pudding with the [illegible] generation, [illegible] the children [illegible] it better.

My new look mince pies [illegible] preferred with their [illegible] phyllo [illegible] on the outside, and [illegible] lighter, [illegible] almonds and [illegible] raisins replacing the old-fashioned suety filling.

After that phase had run its course, I turned my hand to *alternative Christmas puddings*. Port wine jellies heady with booze, pitch black coffee jellies, sharply scarlet cranberry kissels, lemon possets, everlasting syllabubs, whimwhams [illegible] met with approval, the lightness of some of them pleasing those who tend to feel full after the festive bird, the alcoholic kick of others doing wonders for those who feared they might feel deprived of their brandy butter quota.

This Christmas, however, I am *changing my tactics once* again. I have decided I won't be cooking puddings of any sort. It is not that my mood is particularly bolshie – although I admit I [illegible] always thought that the cook [illegible] and deserves a holiday at Christmas every bit as much *as the rest of the family*, and coping with the bird and all its trimmings is no mean workload in its own right. No, the way I prefer to put it is that I am keeping in tune with the times: *I am taking the* Common Market seriously.

This Christmas my desserts will be bought not homemade. I shall copy our French, Italian, Portuguese, Spanish and German brethren, all of whom serve [illegible] fine selection of fruits, nuts, [illegible] and sweetmeats [illegible] Christmas, but who sensibly leave [illegible] cooking of [illegible] specialities to the professionals who do them best.

My choice of fruits and nuts will include baskets of [illegible], walnuts, cobs, [illegible] *pistachios*, [illegible] ent [illegible] (Ribston Pippin apples [illegible] pears [illegible] musts), each sort pyramid-piled in [illegible] will be [illegible] of [illegible] (so much better than satsumas), garnet-seeded [illegible] of [illegible] for *showy display*, kumquats and pink-shelled lychees. I shall try the miniature pineapples I have seen in some shops – potential winners if they are anything like as flavoursome as they are decorative.

No promises, but maybe I shall [illegible] my [illegible] rule to [illegible] a [illegible] luxurious compote – unzipping [illegible] of little [illegible] figs from Turkey and replacing half their syrup with green Chartreuse (green, not yellow, and preferably 10-years-old).

Marrons glacés, candied and glacé fruits in stained-glass colours are Christmas essentials, although there seems to be a shift away from the richest and *most sugary offerings in favour* of less tooth-achingly sweet semi-dried fruits, many of which are as soft, plump and pinchable as a baby's cheek.

Nothing can oust perennial favourites such as dates ritually laid out in lacey paper-lined glove boxes, stem ginger packed in porcelain jars, Carlsbad plums in wooden caskets and *Elvas plums, the lusciously* preserved greengages of Portugal.

At a food fair in Portugal recently I came across other remarkable sweetmeats, *including spectacularly stuffed* and candied oranges and apricots and other confections which will, I hope be imported here before long.

Fat muscatel raisins with their seeds still embedded in them, now come in two irresistible guises. First, they may be semi-dried on the vine and sold in small bunches on the stalk, to nibble as they are or to drop into glasses of dessert [illegible] and swell a little [illegible] eating. Secondly, there [illegible] speciality [illegible] Amalfi called *passolini*, doll's tea party *size parcels of plump raisins* wrapped [illegible] lemon leaves and lightly [illegible] to impregnate [illegible] delicately [illegible] the citrus oil of the [illegible].

Another exquisite [illegible] – [illegible] I was given recently by friends – from the bay [illegible] Naples. [illegible] split [illegible] together again [illegible] filling [illegible] chopped [illegible] tangerine peel, [illegible] skewers [illegible] bay leaves [illegible] lightly [illegible] the flavours.

Favourite chocolates for Christmas [illegible] violet [illegible] which the Queen Mother is said to be especially fond; praline-filled Cote d'Or mice [illegible] gleaming red and gold wrappings; *and individually* wrapped squares of beautifully bitter Belgian chocolate sold under the Café-Tasse label. Now [illegible] joined by the chocolate enrobed [illegible] coffee [illegible] and Green [illegible] Black's organic [illegible] which I wrote recently – [illegible] out for [illegible] Whittards [illegible] Holland [illegible] respectively.

[illegible] cakes. [illegible] wrapped amaretti biscuits, buttery shortbread fingers, Florentines sticky with chocolate [illegible] peel, *pain d'epice* [illegible] highly spiced gingerbread redolent of [illegible] medieval Christmas, will all have their place on my menus.

[illegible] gaining [illegible] popularity [illegible] *stollen*, the light fruit cake of *Germany* [illegible] *its characteris*[illegible] of marzipan down the centre, but queen of all Christmas cakes, surely, is *panettone milanese*. Nothing [illegible] can match it for simple good looks, buttery light [illegible] ture [illegible] the exquisite [illegible] of vanilla – [illegible] it pleases me [illegible] end [illegible] some of the [illegible] Italian cooks insist there is [illegible] point in making your own [illegible] commercial brands, [illegible] Tre Marie, are available.

My only certain contribution [illegible] cooking desserts this Christmas will [illegible] make plenty of custard and rich chocolate sauce, bowls of which I will flank alongside others containing clotted cream, whipped *crème fraîche* and creamy yoghurt for spooning [illegible] slices of *panettone* and/or [illegible] dunking and dipping fruits and sweetmeats.

In this house there is no [illegible] of stale *panettone*, we [illegible] it too greedily for that, [illegible] if you have some leftovers, or if suddenly you [illegible] impelled [illegible] cook, bear in mind that panettone [illegible] a gloriously soothing bread and butter pudding. It is just the sort of dish that appeals, along with bubble and squeak, when a [illegible] mood descends on the *fourth* [illegible] *fifth day of* Christmas. *Panettone* [illegible] very good used instead of [illegible] cake for making a trifle and food writer Anna Del Conte likes [illegible] sliced *panettone* toasty warm from [illegible] grill spread with *mascarpone*. It might be worth buying an [illegible] *panettone* for these [illegible].

Offering [illegible] *instead* of Christmas puddings that have [illegible] be cooked means [illegible] for [illegible] cook. And [illegible] worry. For, unlike carefully [illegible] puddings, sweetmeats will not *self-destruct* if [illegible] the appetite [illegible] them justice at the appointed hour. Leave them displayed on [illegible] sideboard [illegible] on [illegible] hall table, where they will provide [illegible] magnificent still-life to rival the [illegible] and [illegible] prepared [illegible] many a passing nibbler will make surprise visits during [illegible] day, and there [illegible] be midnight [illegible].

Piled high: panettones at Camisa's, in Old Compton Street, Soho, London

Time for a good smoke

Lucinda de la Rue [illegible] to a tried and trusted way of preserving food

SMOKING is [illegible] traditional way of preserving food and is probably the oldest [illegible] too.

Smoke preserves the meat or fish and [illegible] it [illegible] wonderfully natural, nutty, sweet flavour and distinctive [illegible] colour. [illegible] temperatures vary considerably as do the smoking periods which can be as short as a few hours or a long as several days. Every smoker has his or her own particular *blend of wood (anything* from English green oak logs and woody stems of rosemary and juniper to chips from old malt and whisky barrels) but they are, of course, loathe to share their secrets.

The range of available foods is huge and you can find delicious examples in local super[illegible] – [illegible] try Marks [illegible] Spencer smoked salmon sandwiches – or from mail order companies all over the country.

Originally pork and beef hams, bacon bellies and sausages were the most common smoked foods, *but now* [illegible] smoking technique is used to flavour and [illegible] not only [illegible] fish [illegible] cheeses, nuts and seeds, [illegible] and butter.

[illegible] specials at Minola smokehouse [illegible] Lechlade in Gloucestershire include smoked quails' [illegible], spiced lamb [illegible] nuts [illegible] well as [illegible] more usual trout and salmon. Try their smoked unsalted butter [illegible] a special hollandaise sauce or the French [illegible] should [illegible] simply with [illegible] port and [illegible] sauce. [illegible] a smoked salmon [illegible] I do recommend their salmon which is really smoky without being too salty and has [illegible] colour and texture. It costs £12.25 per lb plus £1.95 [illegible] and p.

In Richard Pinney's smokehouse in Orford, Suffolk, I bought a shopping bag full of his eel, bloaters, kippers and sprats and naturally took the chance to visit his famous café next door (The Butley Orford Oysterage). This is a must if you like the idea of a glass of *chablis and a plateful of local* smoked fish.

Johnny Cooke-Hurle (the company is called The Teesdale Trencherman) is near the top of my list. I am always running back to order more of his smoked mussels which I serve as a starter. It is very simple: just put them on a bed of salad leaves and all you need is a turn of the pepper mill and some lemon juice. His game is special. Enjoy thin slices of smoked pheasant and grouse with a little cranberry sauce and some home baked bread. *Smoked pheasant costs* about £3.75 per lb.

Free range smoked goose breasts are available from W.E. Botterill of Grantham. I cut the fillets into strips and stir fry them together with a fistful of sugar snaps. Or try Fjordling's smoked king prawns with some thick fresh mayonnaise. Anne Petch at Heal Farm *smokes legs of Shetland lamb* and mutton. [illegible] smoked ten[illegible] of pork should [illegible] sliced thinly and eaten with extra virgin olive oil, lemon juice and black pepper.

Finally, for those of you who get hooked on the sweet, smoky pungency of these foods, perhaps you should invest in your own home smoker. Brook's home smoker costs £49.95 (p & p £3) from Elizabeth David Cookshop, 3 North Row, The Market, Covent Garden, London WC2. The smoker measures 12 in by 20 in and will smoke about four pieces of fish in 45 minutes [illegible] so.

For price [illegible] mail order [illegible] *smokehouses*, [illegible]

- **[illegible] Mill Farms,** [illegible] Basingstoke, Hants (0256-764551)
- **Ashdown Smokers,** Skellerah Farm, Corney Cumberland (06578-324)
- **W.E. Botterill [illegible] son,** Lings [illegible] Farm, [illegible] Middle [illegible] *Croxton* Kerrial, Grantham, Lincs. (0476-870394)
- **Bridfish Ltd.,** Unit 1, [illegible] Road North, Bridport, [illegible] (0308-56306)
- **Fjordling Smokehouses,** Dunstable Farm, Pitton Road, [illegible] Winterslow, Salisbury. [illegible]
- **Heal Farm,** Kings Nympton, Umberleigh, Devon (076957-4341)
- **Loch Fyne Oysters,** [illegible] Farm, Ardkinglas, [illegible] Argyll (04996-217)
- **Macdonald's Smoked Produce,** Business Development Corporation, 51 Southbourne Crescent, Hendon, London [illegible] (081346-5898)
- **Minola [illegible] Products,** [illegible] *Hill Farmhouse*, Filkins, Lechlade, [illegible] (0367-860391)
- **The [illegible]** Brougham Hall, Penrith, Cumbria (0768-67772)
- **Pinneys's [illegible] Smoked Salmon,** Market Hill, [illegible] Woodbridge, [illegible] (0394-450277)
- **Pinneys [illegible] Scotland,** Brydekirk, Annan, Dumfries, Scotland (0576-3401)
- **The Pure [illegible] Company,** Moreton Hampstead, Devon(0647-40321)
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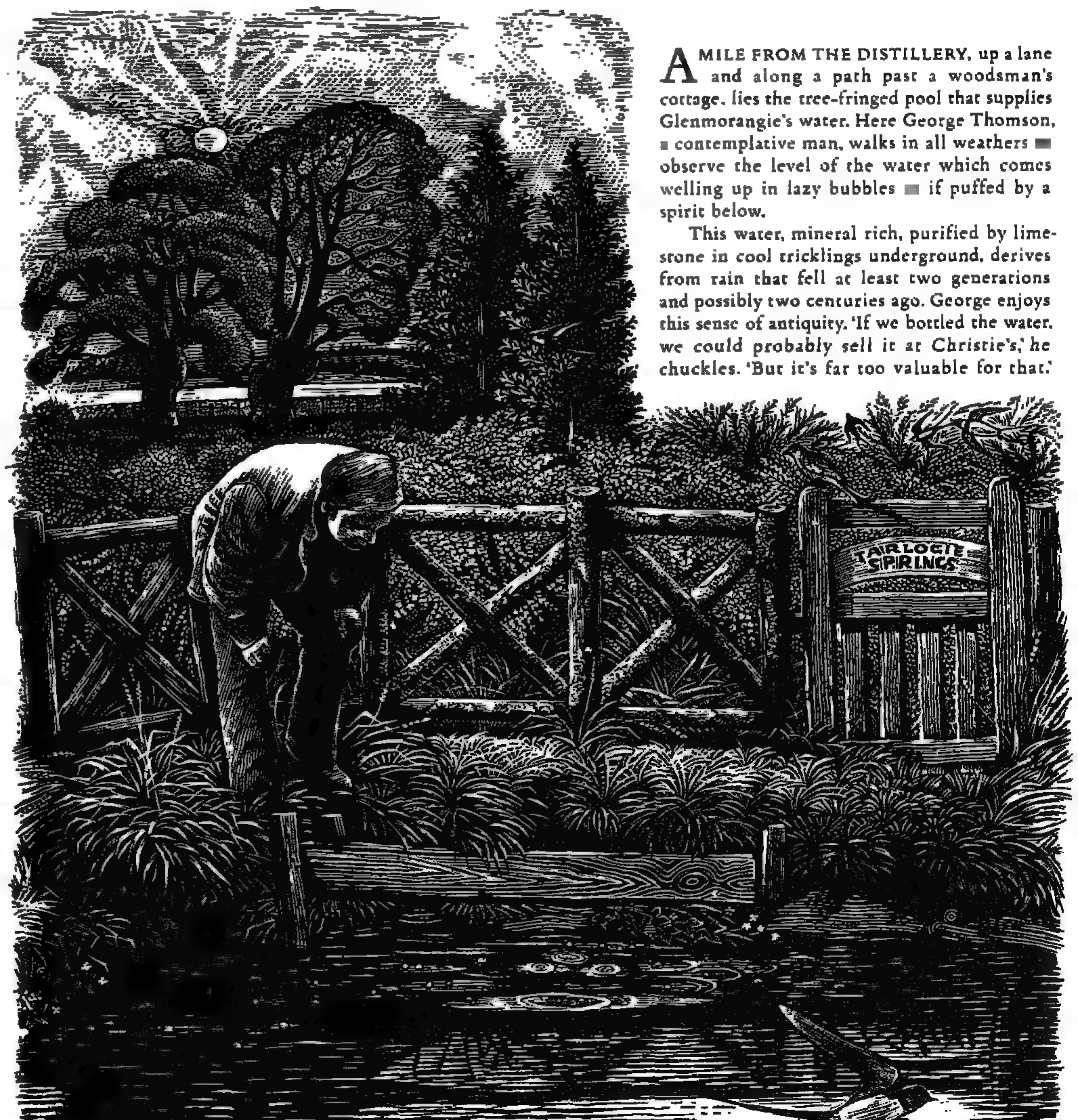

A MILE FROM THE DISTILLERY, up a lane and along a path past a woodsman's cottage, lies the tree-fringed pool that supplies Glenmorangie's water. Here George Thomson, a contemplative man, walks in all weathers to observe the level of the water which comes welling up in lazy bubbles as if puffed by a spirit below.

This water, mineral rich, purified by limestone in cool tricklings underground, derives from rain that fell at least two generations and possibly two centuries ago. George enjoys this sense of antiquity. 'If we bottled the water, we could probably sell it at Christie's,' he chuckles. 'But it's far too valuable for that.'

HANDCRAFTED *by the* SIXTEEN MEN *of* TAIN.

TRAVEL

Ibsen's spirit lurks in Oslo's tidy streets

Norway fills Nicholas Woodsworth with mixed emotions

THE EVENING [redacted] I [redacted] from London to Oslo [redacted] to see the [redacted] End production [redacted] *Hedda Gabler*. Henrik Ibsen, [redacted] *Norwegian dramaturge* with the mutton-chop whiskers, certainly knew a thing or [redacted] about Nordic gloom.

It is a powerful play, full of hidden forces lurking deep in Scandinavian [redacted] lonely individuals struggling against childhood memories, *struggling against* [redacted] *relationships*, struggling against themselves. There [redacted] passion crushed by straight-laced social morals. There is [redacted] and wilful self-destruction. There [redacted] morbidity, irrational obsession, isolation, pain, guilt and depression. Not [redacted] I watched Ingmar Bergman's [redacted] *A Marriage* [redacted] I seen [redacted] much northern angst.

"My god, Henrik!", I [redacted] playwright as I strolled back to the *Charing Cross Tube* [redacted] *home*. "Surely things [redacted] be [redacted] all that." *To tell* [redacted] truth, I [redacted] begining [redacted] wonder [redacted] getaway [redacted] Norway [redacted] such [redacted] good [redacted] after all. A cabin in the autumn hills [redacted] Hallingdal had sounded good, but no one [redacted] *mentioned large* [redacted] *of* [redacted] melancholia thrown [redacted] *free. I* [redacted] *asleep* [redacted] fantasising [redacted] modern-day Norway peopled exclusively by Ibsen characters.

[redacted] such characters, in fact, [redacted] lurking [redacted] the [redacted] of Oslo [redacted] following day. The [redacted] *of the little city*, all 400,000 [redacted] them, [redacted] uni*formly cheerful, outward*-looking, convivial.

[redacted] certainly [redacted] like London. There are [redacted] chip [redacted] blowing depressingly down any Oslo street: Norwegians [redacted] far [redacted] conscious [redacted] natural beauty [redacted] despoil [redacted] tidy, leafy capital *sitting by* [redacted] the Oslo Fiord. There [redacted] no ticket collectors on [redacted] shiny city buses and trams; [redacted] here [redacted] evidently, more socially co-operative than the rest [redacted] us. Nor did I see any sign of reknowned Nordic intemperance: ice-cold shots of aquavit may in the [redacted] *soothed the troubled Norwe*gian breast, [redacted] with the stuff [redacted] selling at £25 [redacted] maudlin' comforts are hardly within daily reach.

Henrik [redacted] it seemed to [redacted] had been bypassed by history, prosperity and social progress. Scandinavia may *have* [redacted] *broody, introspec*[redacted] place at [redacted] turn of the *century*. But surely, [redacted] cluded [redacted] walking through parks [redacted] of healthy-looking joggers and cyclists, Oslo's inhabitants [redacted] found other ways [redacted] working [redacted] despondency and frustration.

There was just [redacted] in this scene of social and spiritual harmony. The hint [redacted] there [redacted] running here came that evening *when I* [redacted] host, painter Vigdis *Jacobsen*. I suggested [redacted] her [redacted] we go out [redacted] a traditional Norwegian meal. [redacted] ended [redacted] in [redacted] cavernous hall of [redacted] rant sitting [redacted] great plates [redacted] *lutefisk*. It is [redacted] strange and disturbing [redacted] Any people who [redacted] dish of dried cod [redacted] for *days* [redacted] *solution of lye*, I reckoned, still have a few things to work out.

Even in cold autumn rain, [redacted] three-hour drive [redacted] of [redacted] and up the narrow Hallingdal valley [redacted] pretty one. The Hallingdal region [redacted] as spectacular [redacted] the mountains [redacted] *fiords* [redacted] *coast*, nor as magnificently wild as [redacted] plains of Finnmark far [redacted] the north. But if this [redacted] Norway's [redacted] popular vacation area, *it is because it offers wil*[redacted] and great natural [redacted] just a hop and [redacted] skip from urban civilisation. In Norway, [redacted] return to an earlier, primeval existence is never very far away.

Up narrow valleys we sped, past steep hillside farms where *shorn hay fields lay sodden in* [redacted] rain and ripe apples glinted red in neatly-kept orchards. The further we climbed, the colder it got. On the shores of Kroderen, a long winding inland fiord, we stopped off to visit Mad Strand, a Hallingdal dairy farmer.

There are no two ways about it: Norwegian winters are long and hard. *Although it was only* early October, Mad had just installed his dairy herd in the barn for the winter. The cows would not go out again until May. Mad was going to take a few days off hunting elk in the pine forests that rim the valley, then spend the rest of the *winter cutting and hauling* timber down the steep hill*sides. It is a tough, oppressive*, isolated life, enough, I thought, to turn cows dull and people quite literally Mad.

At the head of the valley we climbed up from the little town of Gol, leaving the deep valley behind and ascending to the Golsfjellet, a broad mountain *plateau 3,000 ft high. On the* [redacted] of [redacted] treeline, the alpine pastures [redacted] the Golsfjellet make [redacted] summer [redacted] cattle, [redacted] the farmers of [redacted] themselves here in log [redacted] summer [redacted] In [redacted] plateau is [redacted] paradise for cross-country *skiers*, [redacted] their [redacted] out-number [redacted] high-pasture [redacted].

But [redacted] one [redacted] in [redacted] in-between [redacted] The kind [redacted] weather [redacted] walks through [redacted] autumn [redacted] nowhere [redacted] sight. [redacted] we climbed, the sky turned from grey [redacted] black, [redacted] air [redacted] chilly [redacted] freezing, [redacted] rain [redacted] heavy sleet. [redacted] cabin, perched high on a hillside overlooking [redacted] of [redacted] mountain and valley, was as cold and dismal a place as I have [redacted] In these circumstances, one [redacted] what [redacted] done [redacted] time immemorial: [redacted] turns suddenly gloomy.

Vigdis, who lived [redacted] *Tromso, well above* [redacted] Arc[redacted] circle, [redacted] to [redacted] kind [redacted] weather, and in a morbid kind of [redacted] it. "[redacted] difficult [redacted] you [redacted] see [redacted] sun [redacted] months [redacted] time," [redacted] told me as we [redacted] the cabin's cast-iron wood [redacted] with lengths of split birch. "It's enough to depress anyone. Sometimes [redacted] the lemmings and all [redacted] to escape. Usually it [redacted] the [redacted] or anywhere else [redacted] sunlight and warmth."

[redacted] took, [redacted] room slowly [redacted] something [redacted] than [redacted] levels, and the [redacted] lit up the unvarnished log [redacted] roof of [redacted] cabin. [redacted] questions suggested further answers [redacted] mysteries of [redacted] Nordic [redacted]

"Yes, I suppose we are like all northern people, Russians, Finns, Canadians. We have long periods [redacted] introversion. [redacted] we [redacted] up emotions. [redacted] melancholy. [redacted] we can [redacted] just plain dull. [redacted] *has* something [redacted] do with [redacted] winters.

"No, we [redacted] always like [redacted] – in summer we get quite silly. We like to run through the fields, *take all our clothes* off at the beach and sing jolly songs around midnight campfires. Yes, I guess some of us do drink a bit too much, and *not at £25 a bottle, either."*

How does Vigdis know all *about illegal stills and Norwe*gian moonshine? Her father was a local keeper of the peace in Gol many years ago, and she learned about the Eliot Ness-style raids of the northern woods from him.

We were not quite desperate enough to start distilling, but *over the next two days of atro*cious weather I felt the little cabin become ever more like the setting for an Ibsen play. If [redacted] turn out a reindeer stew for dinner (excellent with a brown Norwegian goat cheese sauce), she was also adept at endlessly discussing Lutheran ethics, the injustice of the human condition and the conflicts of the soul.

If I sat in front of the fire*place trying to read P.G Wode*house, somehow the conversation would turn to society's thwarting of personal freedom, sexual inhibition or mortality.

If I turned on the radio, I got a lugubrious dirge of Lapp folk songs. There was no need for a translation – I knew they *could* only be musical variations on the same doleful themes. After a while I stopped seeking cheer from the radio.

Not even a Norwegian ver*sion of the* board game Trivial Pursuit helped much. I now know that the author of *The Norwegian People's Dreary Life and History* was one Odd Borretzen; *that* the northernmost point of Norway is Knivskjellsodden, and that the fermented Norwegian dish *raking* is made by putting raw trout in a bar*rel of brine* for three months. It was not an inspiring game. I lost. By the end of the second evening I was ready to make the depressed admission that *Ibsen remains* very much a man of our times.

But the real [redacted] of Norwegian drama and the source of that painful Nordic *weltanschauung*, as Vigdis had indicated, lies not in the struggle of society or the *individual. It* lies in the struggle against nature and an inclement northern climate. On the third and final morning of our stay in *Golsfjellet the clouds* lifted, the sky turned a warm blue, and suddenly the world was a fine and heedless place once more.

Off we strode into the yellow and russet *forests*, through stands of silver birch and pine now drying in *the sun, across* splashing streams and over moors of mixed *heather* the colour of good tweed. Far below in the Hallingdal Valley, a river glinted in the crystal air. High up on the other side of the valley the Hardangervidda, the great empty plateau in the middle of Norway, stretched away.

We were feeling so good we could have walked right across it. There was no more brooding, resentful contemplation of [redacted] world, but simple enjoyment in it. All it takes is a little break in the weather. The *sun* was *out*, Ibsen was at peace in his grave, and Norway, after *all*, was *a great* place to be alive.

■ Nicholas Woodsworth flew to Oslo with Scandinavian Airlines, 52 Conduit Street W1, tel: 071-734-4020. SAS flies to Oslo from London three times daily, and offers a return economy fare at £336 and Apex fare at £236.

Information about organised walking tours, trails and mountain accommodation may be obtained from Den Norske *Turistforening (the Norwegian* Mountain Touring Association) Postboks 1963 Vika, 0125, Oslo, tel: (02) 83 25 50.

There are many private cabins in the hills that may also be rented for short and longer periods. A brochure *is obtain*able from the Norsk Hytteferie, Postboks 3404 Bjolsen, Kierschowsgt. 7, N-0406 Oslo, tel (02) 35 67 10.

Norwegians are [redacted] conscious of natural beauty [redacted] despoil their neat capital by the fiord

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SPORT

Blur of speed: Tony Underwood, star of the Varsity game

Golf & Rugby Union/John Hopkins

The thread that links two squeaky-clean games

SCENE ONE: the [illegible] [illegible] park at Twickenham before Tuesday's Oxford [illegible] Cambridge rugby match. Behind [illegible] large grey car, a dozen men gather around a picnic table covered in a white tablecloth. Having erected an altar, they now place on it the objects to worship: a huge bottle of whisky, another of gin and sundry food. There is much joking.

"I tell you what, George" said one man, his voice rising up from within his British warm overcoat and university scarf. "I will put £15 on Cambridge."

"Is [illegible] all?" [illegible] panion. "It [illegible] all I've got." His [illegible] swigged deep on his whisky, drinking in some liquid warmth while digesting this information.

Scene two: six hours later, many of the great and good in golf have gathered at the Horticultural Society hall in Vincent Square, Westminster, for the annual dinner of the PGA European Tour. The black-tied multitude are seated at round tables, each accommodating ten. The room is enormous, pillared and well-lit with a ceiling clearly on loan from a nearby railway station and acoustics to match.

The dinner is in honour of the members of the Tour (Nick Faldo et al) its sponsors, its business associates. It is an orgy of self-congratulation that passes in a pleasurable whir. By 11 pm the cars are queuing half way around the square with their engines idling to [illegible] safely home.

Rugby [illegible] golf [illegible] [illegible] natural either. [illegible] a pleasing counterpoint between the [illegible] of [illegible] and the hushed reverence of [illegible] other.

One [illegible] frantic minutes, the other 80 languid hours. One preaches self control, the other exhibits total self interest. Rugby is one for all; golf is one for one. The former is a team game in which the strengths of an individual are secondary to the good of the team. The latter makes enormous demands on an individual's character and occasionally subjects him to the intensities of a team game, eg the Ryder Cup.

Both sports are experiencing unprecedented popularity. Why is this? "Rugby projects [illegible] homely image" says Tony O'Reilly. "It has a very low sleaze factor." The same applies to golf. They are both squeaky-clean sports in a grubby sports world.

The afternoon's proceedings at Twickenham were masterminded by Dudley Wood, secretary of the RFU. To his right and further back sat Michael Bonallack, secretary of the Royal and Ancient golf club of St Andrews. The two men share more than a mutual respect and a passing interest in each other's games. They are the two best sports administrators in the UK.

PG Wodehouse wrote that: "Golf, like measles, should be caught young, for if postponed to riper years, the results may be [illegible]."

At Twickenham on Tuesday there were hundreds of chanting students [illegible] been caught [illegible] age, but by rugby, [illegible] golf. Many [illegible] grown up playing mini [illegible] new age rugby.

Yet for [illegible] spectator still to [illegible] 21, there [illegible] four who [illegible] 41 again. They had, in Wodehouse's words, [illegible] caught young. Their hair [illegible] have disappeared, [illegible] waistline [illegible]ded, [illegible] of rugby [illegible].

[illegible] supporter [illegible] be moved by [illegible] commitment shown [illegible] Twickenham. Thirty men play[illegible] hearts [illegible]. Yet in this team game the efforts of many raised one man above all others. Tony Underwood won it for Cambridge. He was the man who made you move to the edge of your seat when he received the ball, an imp of creativity, [illegible] speed.

[illegible] barely five minutes remaining [illegible] try, beating four [illegible] by guile and pace. When [illegible] returned to take up his place on Cambridge's left wing [illegible] consciously.

A[illegible] in [illegible] later, [illegible] man rivalled Underwood [illegible] pres-ence [illegible] attention. It was not one of the sundry politicians present, [illegible] baron, [illegible]. It [illegible] Ballesteros, just arrived [illegible] Spain [illegible] accept [illegible] Trophy for being Europe's leading money-winner for [illegible] time. [illegible] was tanned, his [illegible] hair gleamed beneath the lights, his mood was relaxed. [illegible] smiled, even at [illegible] jokes during [illegible] speeches. The dinner could have [illegible] subtitled: Homage [illegible] a King.

Again and again men spoke reverently [illegible] if by doing so they would [illegible] in [illegible] estimation. One man asked [illegible] autograph his [illegible] a [illegible] recording [illegible] the year. Another did likewise and then a third and [illegible] fourth.

[illegible] received [illegible] standing [illegible] *before* he [illegible] speaking. And when [illegible] began, he held the audience in [illegible] palm [illegible] his hand. He was a [illegible] to his country and to the [illegible].

My neighbour, [illegible] man who had once [illegible] among the [illegible] power, a Parliamentary secretary [illegible] prime minister, [illegible] over. He [illegible]tivated. "He's just pure [illegible] fantastic."

Ballesteros' sports, other than golf, [illegible] cycling, athletics [illegible]. Though [illegible] does not know [illegible] rugby, its ethos would appeal [illegible] him. Play [illegible] but [illegible] by [illegible] rules. [illegible] individual but [illegible]cise self control. He knows about [illegible] control. Golf is nearly impossible [illegible] it. [illegible] Kipling [illegible] your [illegible] all around [illegible] losing their's. [illegible] done so [illegible] hours [illegible] again [illegible] again [illegible] just [illegible].

To [illegible] doing [illegible] in [illegible] sport [illegible] partly [illegible] makes sport [illegible] thrilling [illegible] watch [illegible] a serious [illegible]ter. Rugby is an [illegible] *professional ethos.* [illegible] a professional [illegible] a professional ethos. Somehow, [illegible] enjoyment and to [illegible] gratitude, [illegible] bound together [illegible] cold day [illegible] December.

Commanding performance: Seve Ballesteros, golfer of the year

Tennis/Georgi Dashkevich

Desperate power games at the Kremlin Cup

IVAN Silayev, the Soviet prime minister, is a busy man, but he still found time to attend Russia's top [illegible] event, the Kremlin Cup, in [illegible] month. His appearance at the Olympic stadium, where the ATP Tour World Series event was held, might *have seemed frivolous to most Mus*covites. But Silayev knew what he was doing.

Locally, tennis is in crisis today – like so much else in the former Soviet Union. But it is also a sport linked to big business, and this could be its salvation. The Kremlin Cup was tied to a commercial symposium sponsored by companies such [illegible] Bayer, [illegible] Packard, Kodak, AT&T, Pepsi, [illegible] Corona, Ellesse and British Airways. [illegible] prime minister used *the occasion to* mingle with western businessmen and appeal for help.

With prizemoney [illegible] the ATP tournament has become one [illegible] sporting highlights [illegible] launched four [illegible] by [illegible] 49-year-old [illegible] businessman, [illegible] Khak[illegible] starkly [illegible] everyday difficulties facing Soviet citizens. The brightly-lit Olympic stadium, full of happy visitors, contrasted with the bleak surroundings and grim crowds shuffling through the streets. In the spacious VIP village restaurant a Swiss chef produced fine food and drink; in nearby stores, the shelves were empty.

Anyone seeking to play tennis in Russia today has to battle against appalling odds. It is virtually impossible to get good quality tennis equipment at reasonable prices. Soviet-made racquets of plastic and composite materials are available quite cheaply, but they are no good for competitive tennis. High-quality foreign racquets are extremely expensive. There has been an acute shortage of tennis shoes, sportswear and (especially) strings and balls for a long time.

Even if you obtain your gear, your problems are not over. You still have to hire a court. There are only 4,500 outdoor courts – 490 of them in Moscow – for a population of 280m. The shortage of indoor courts is even greater. There are fewer than 100, even though much of the country suffers a harsh climate. By comparison, Sweden, with only a fraction of the population, has 2,000 indoor courts. The exclusive Chaika club in Moscow charges up to $30 an hour for a week-end game, and only accepts hard currency, putting [illegible] beyond [illegible] reach of [illegible] but foreigners.

The sport's top body, the USSR tennis federation, is struggling to hold things together. Last year it began to purge its own secretariat of the apparatchiks who used to run it. Such people were often called "wedding generals" – because they spent most of their time attending official [illegible].

At a meeting of the [illegible] last January the [illegible] voted [illegible] old president, Igor Volk, whose qualifications [illegible] a cosmonaut and as a Hero of the Soviet Union, though admirable, [illegible] thought inappropriate. Instead, they chose one [illegible] their own: 43-year-old Shamil Tarpischev, the country's Davis Cup captain for more than 15 years. It was the first time a professional had [illegible] elected [illegible] the top position.

Tarpischev is [illegible] Muscovite. [illegible] his international [illegible] ended at [illegible] appointed head coach of the [illegible] the Davis Cup [illegible]tain, he [illegible] generations of top Soviet players including Aleksandr Metreveli, the star [illegible] the 1970's, as well as current high flyers like Andrei Chesnokov, the first [illegible] millionaire, Andrei Cherkasov, [illegible] two-time winner [illegible] the Kremlin Cup, and the brilliant but unpredictable Aleksandr Volkov.

The federation's rebirth [illegible] not auspicious. By last spring, the Soviet Union was breaking [illegible]. The Baltic [illegible] accepted as members of the United Nations, and [illegible] regained their places [illegible] the International Tennis Federation, meaning they can field their [illegible] national [illegible] and play [illegible] Davis Cup.

Nevertheless, the federation believes it has a leading role to play. In one [illegible] first public appearances, Tarpischev stressed the [illegible] of an independent body wi[illegible] rights [illegible] responsibilities to develop tennis. He urged the construction of [illegible] clubs [illegible] courts.

But that is easier said than done. The economic crisis [illegible] led to sharp cutbacks in state subsidies for sport. There [illegible] also [illegible] critical shortage of hard [illegible] to send talented juniors abroad.

[illegible] priority [illegible] foster the [illegible] tennis [illegible] where children train from [illegible] age of seven. There [illegible] 20 such schools, and they depend entirely on [illegible] financing. They [illegible] employ [illegible] professional coaches to look for talent and train aspiring youngsters – and it worked. The [illegible] pupils made [illegible] to the top. [illegible] schools are on the [illegible] of closure; urgent steps are needed to keep them going.

All this has forced the federation to become much more business-minded. As well as [illegible] players, it [illegible] employs managers and [illegible] job is to [illegible] money. [illegible] was the establishment last summer of [illegible] trading [illegible], Tennis International, to represent [illegible] federation abroad and look for [illegible].

An office [illegible] been opened in the US. Its prospects look good. [illegible] *first deals* [illegible] *been done* [illegible] barter basis, and some hard [illegible] deals are hoped for next year. Tennis International has [illegible] hand [illegible] cent [illegible] its profits to the federation.

The [illegible] up trumps [illegible] September when it [illegible] the Ladies' Open tournament in [illegible] Petersburg. The tournament is one of [illegible] General Foods World Series, with $100,000 in prizemoney. [illegible] August's attempted coup frightened [illegible] sponsors, putting the event in jeopardy. Tennis International produced [illegible] loan to keep it going.

In general, though, Soviet tennis is facing [illegible] immensely bleak road.

Motoring/Stuart Marshall

Honda meets its target with a little Civic pride

WHEN Honda was researching [illegible] fifth-generation Civic, [illegible] on three priorities. Driving pleasure [illegible] first, followed by safety [illegible] then by environmental responsibility.

Even a couple of hours trying [illegible] of the [illegible] enough [illegible] convince [illegible] first priority [illegible] met. Both [illegible] – a [illegible] LSi three-door hatchback and a £14,995 VTi four-door saloon – [illegible] joy [illegible] drive.

The VTi, which I sampled first, has a twin-camshaft, 1.5-[illegible] engine developing a remarkable [illegible] horsepower. Yet, [illegible] runs on standard-grade unleaded petrol; [illegible] an exhaust catalyser; pulls hard at [illegible] cheerfully as it [illegible] high revolutions; and combines fuel [illegible] with low emissions.

Its secret is a unique form of [illegible] operation. [illegible] under 2,500 rpm, only one of the two inlet *valves per cylinder operates;* over 2,500 rpm, both do, allowing the engine to breathe freely.

Do not worry about the technicalities. What matters is that [illegible] Civic VTi will accelerate strongly [illegible] 20 mph (32 kph) in [illegible], [illegible] zip urgently *from a standstill to* [illegible] *mph* [illegible] kph) in 7.7 seconds.

[illegible] of its rivals – which [illegible] as the Audi 80 Sport 16v, BMW [illegible] Lancia [illegible] Turbo [illegible] GTi – can [illegible] figures. Nor, [illegible] Honda, will any of [illegible] equal [illegible] Civic VTi's [illegible] mpg (7.85 l/100 km) fuel consumption.

Squat 55-series tyres give instant turn-in [illegible] *nering ability* [illegible] *you could* exploit on normal roads, but the VTi's [illegible] neither [illegible] nor noisy. Its power-assisted steering [illegible] light for parking, positive [illegible] pressing [illegible].

Anti-lock [illegible] brakes; electric windows, mirrors and sunroof; central locking; and a [illegible] radio/cassette [illegible] all part of what I would call a high-[illegible] compact [illegible] of quality for the family [illegible] business motorist.

Although [illegible] LSi three-door's single-camshaft, 16-valve, 1.5-litre engine yields only [illegible] horsepower against the VTi's [illegible] its performance [illegible] perfectly adequate. Honda's figures show it [illegible] quicker [illegible] more economical than [illegible] Ford Escort, [illegible] 214, Vaux[illegible] VW Golf counter[illegible] and I found [illegible] agreeably refined [illegible] drive.

All the new [illegible] a pleasant five-speed gearbox; [illegible] transmission is £740 [illegible] three models. Only the least-expensive [illegible] DX lacks power steering.

The range-topping VEi [illegible] the [illegible] in its class [illegible] have [illegible] crash protection for [illegible] as standard equipment. Honda [illegible] all the [illegible] Civics [illegible] reinforced so they resist [illegible] impacts [illegible] than [illegible] previous [illegible].

If [illegible] new Civics, compact and fuel-efficient, represent [illegible] cars [illegible] the future, then the lat[illegible] six-litre Jaguar XJ-S coupé must exemplify [illegible] the past.

In these environmentally-conscious days, [illegible] can defend easily a fairly-cramped 2 plus 2 that is as [illegible] as [illegible] Ford Scorpio, weighs [illegible] and [illegible] powered by a V12 offering, [illegible] best, a 17 mpg [illegible] l/100km) [illegible]. But, having made my genuflection [illegible] green-ness, I [illegible] that this [illegible] XJR-S [illegible] superlative [illegible] drive.

Power pours from [illegible] engine [illegible] bhp [illegible] 5,250 rpm) with sublime smoothness. The GM automatic transmission – [illegible] as [illegible] *Royce* [illegible] – [illegible] it [illegible] the massive [illegible] via a limited-slip differential [illegible] delicately that, even on this week's frosty Cotswold roads, I was untroubled by *wheel-spin.*

Firming the suspension [illegible] done wonders for the XJ-S's once-floppy ride. Big, heavy [illegible] though it is, [illegible] feels [illegible] wieldy [illegible] a small and sporty *one. It* [illegible] *not just* [illegible] *motorway* cruiser, although I do [illegible] doubt it would be a magic carpet on an autobahn with [illegible] claimed [illegible] mph (257 kph) maximum.

The interior is [illegible] real [illegible] Olde England, with leather [illegible] wood [illegible] galore. Forget [illegible] rear *seats;* they [illegible] padded shelves for the Gucci [illegible] that will overflow from the modestly-sized boot.

[illegible] Rolls Royce's present travails suggest, large, fuel-swill*ing luxury* [illegible] *have probably* had their day, certainly among the thinking classes. Whatever Ford, which now owns Jaguar, has in store for [illegible] prestige marque, it will not [illegible] another *XJ-S.* [illegible] *six-litre XJR-S* will be a great car for Jaguar buffs [illegible] upon.

Sheer luxury: The latest Jaguar XJR-S coupé. Sports car handling but rides like a limousine

Honda's new Civic VTi 4-door saloon. Class-beating performance and economy

HOW TO SPEND IT

Back in the black at Christmas

***Lucia van der Post** asks three well-dressed ladies about their festive dress*

IF YOU WANT to know what the fashion pundits are wearing to parties this Christmas, the answer has to be black, black and black. It can be enlivened with touches [redacted] fuchsia, scarlet [redacted] gold, but the backbone of the outfit is nearly always [redacted] little black something . . . whether it be leggings or trousers, a jacket or a body-skimming little dress, the chances are it will be *black*.

This Christmas does not seem the season of the grand party or the important soirée, more a time for small dinner parties and family celebrations . . . judging, at least, by what the shops seem to be selling.

Here three women, all intimately involved with fashion but of varying ages and with different life-styles, discuss what they will be wearing to their Christmas celebrations . . .

ALISON LLOYD
of Ally Capellino

Alison Lloyd is the designer behind the Ally Capellino label. With her husband Jonathan Platt she owns and runs the Ally Capellino shop at 95 [redacted] Street, London W1. Alison has [redacted] children, [redacted]ish, [redacted] and Agnes, two.

"I don't go out a lot in the evenings as we lead a domestic life. I almost always wear my own label and my clothes are for women with a life-style like my own – [redacted] busy working life during the day and fairly informal in the evenings, either at home with the children or [redacted] to [redacted]. I [redacted] dress up just as much during the day as in the evening and so will often go out in what I have been wearing at work.

"I wear a lot of leggings but could just as easily go [redacted] in [redacted] and a T-shirt. For a party I would wear this crepe wool and viscose dress [photographed below left] which is a simple, strappy, [redacted] shape. I [redacted] but I've [redacted] it in dark blood-red [redacted] almost everybody wears black. I like it because it is just a winter version of the sort of dress I would do for the summer collection – it costs £120. With it I am wearing red glass bead ear-rings (£28.50) and necklace ([redacted].50) and shoes from [redacted]. Agnes, [redacted] goes to far more parties than I do, is wearing a brown velvet dress (£59.50) from my children's collection, which is only available from the shop."

Alison Lloyd of Ally Capellino in her own blood-red shift dress and her daughter Agnes, two, in an Ally Capellino brown velvet dress

Sketched above is Hannah Palmer's own black coat-cum-jacket worn with Jean Muir's Hurel silk jersey trousers from Palmer, 4 Motcomb Street, London SW1. Hannah Palmer herself is photographed below in her own favourite Jean Muir shawl-collared dinner jacket.

Drawings: Annie Farrall

Photographs: Trevor Humphries

LADY KAREN BEELEY
of Image d'Or

Lady Beeley's small shop at 7 Pond Place, London SW3 offers a custom-made service at off-the-peg prices and as a result has a faithful band of customers who come back again and again. Dancers such as Elizabeth Macgorian (photographed inset below left wearing Lady Beeley designs) are particularly fond of her clothes.

Every season Lady Beeley designs a small "capsule" collection which can be seen in the shop but anybody who orders can have it made more or less to measure in ten days for the same price as it appears on the rail.

Lady Beeley loves simplicity of line and is already producing elongated 30s-style clothes that are predicted to be the look for 1992.

"I don't like the very tight [redacted] boned dresses which many people are wearing at the moment. I prefer clothes that skim the body but show how it moves underneath them. For evening at the moment I like a simple but dramatic look – strong shapes in brilliant colours contrasting with a black base. For instance a long fuchsia silk coat-dress [like the one sketched below] can be used either as a dress or as a coat or just as an elongated shirt, as here, over black satin trousers.

"When I go out in the evening I'm very often rushing straight from the shop and so I tend to go for simple clothes in stunning fabrics which I dress up with dramatic jewellery, which I love, and sell in the shop. I have a lot of antique Middle and Far-Eastern pieces although I do detect in myself a sudden and alarming passion for gold." The silk shirt-cum-coat sketched here is £200 while the straight black satin pants are £85.

Photographed above is Elizabeth Maccgorian, a dancer with the Royal Ballet, wearing a silk coat dress, £200, over straight cut satin trousers £85 from Image d'Or, 7 Pond Place, London SW3. Over them she wears one of Karen Beeley'sEastern-influenced cloaks, £250. Sketched right: silk coat dress over satin trousers, Image d'Or

HANNAH PALMER
of Palmer

Hannah Palmer is the best advertisement for the clothes from her own intimate shop at 4 Motcomb Street, London SW1. She is a devotee of black and for her simplicity is the essence of dressing, whether for day or evening.

She believes that really good clothes, if bought wisely, can [redacted] and last. She [redacted] photographed right wearing "a great old favourite – a long line unstructured dinner jacket with a shawl collar and one large black Perspex button, by Jean Muir. It has long been a great friend. I wear it with a skirt or with soft silk trousers and can dress it up for evening with jewellery.

"Anybody looking for a contemporary evening look would do well to build it round a really smashing jacket, long enough to cover the top of the thighs. I find my customers love jackets by Moschino or Rena Lange and though they are quite expensive they can be used to put several different looks together. It could be be teamed with a bustier and leggings for a young, sassy look, or with a short pleated skirt for a more elegant look, or with a narrow skirt or straight silk trousers for yet another.

"Our own label jacket, for instance [sketched above] teamed with Jean Muir's Hurel silk jersey trousers, £85, can be worn either as a dress on its own, with a skirt or with trousers. Although £620 may seem a lot it should last for years."

* * *

Here are some more suggestions . . .

■ Little pleated skirts are everywhere. Kookai, a French group of 10 shops (eight in London, one in Leicester and one in Bromley – tel: 071-499-4564) has the perfect version – in masses of colours, including black, burnt orange, dark green and grey – for £49.99.

■ A bustier can be had from £20 in cheaper chains such as Miss Selfridge to Moschino versions at £250 – the young can wear them on their own, the not-so-young can have them peeking discreetly from behind a jacket's lapel.

THE MILLENNIUM.

The Millennium Chronograph. Each individually numbered watch has a sapphire glass back displaying the detail of the self-winding mechanism. A choice of [redacted] carat gold with calf strap, steel with calf strap, or steel with steel bracelet, is the only real indulgence.

dunhill

ALFRED DUNHILL

[redacted] ALFRED DUNHILL IN [redacted] DUKE STREET, ST. JAMES'S, THE BURLINGTON [redacted] STREET AND AT [redacted] DUNHILL IN [redacted] AND SELFRIDGES. WATCHES [redacted] AT WATCHES OF [redacted] LTD., THE [redacted] GROUP, [redacted] WATCH DEPARTMENT AND [redacted]

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Science sows the seeds of success

***Arthur Hellyer** discusses the latest methods of germinating the more difficult plants*

MOST OF the seeds sold to gardeners have straightforward requirements. But that is not true of all, and it is the exceptions that can cause a great deal of disappointment.

There are, for instance, seeds with built-in devices which keep them dormant until it is safe for them to germinate in the wild.

There are also other special needs that may have to be understood and circumvented before [redacted] can be certain of success.

[redacted] can be grateful to anyone with the time and inclination to unravel such problems. Much of this work is done in scientific establishments with which ordinary gardeners have little contact. But one of the most useful and readily-available [redacted] on this subject [redacted] *on* [redacted] *Germination* by Julia Kerley, quality manager [redacted] Unwin's [redacted] Ltd, Histon, Cambridge. [redacted] controls the firm's laboratory, which deals with all matters to do with seeds.

Recently, she has [redacted] three items [redacted] work [redacted] have not yet been recorded in [redacted] little booklet but [redacted] made [redacted] to the public on seed packets and by special press and [redacted] hand-outs. The [redacted] plants concerned [redacted] half-hardy annual, [redacted] spicata; a nearly-hardy perennial climber, Eccremocarpus scaber; and a hardy perennial, Meconopsis betonicifolia.

■ Cleome spicata is known popularly as the Spider Flower [redacted] fairly big [redacted] plant: [redacted] ft high with spiny stems bearing [redacted] showy, narrow-petalled white, lilac, mauve or pink [redacted]. It [redacted] have been the favourite plant [redacted] Claude Monet, the Impressionist painter (*preferred even to his* [redacted]), [redacted] it is certainly very beautiful. But [redacted] seed always has been considered rather erratic in germination.

Various solutions have been suggested but none has seemed to be entirely reliable. Now, though, Kerley and her team are now sure they have found the answer.

[redacted] turns out that a fluctuating temperature [redacted] germination. How much it varies does not [redacted] greatly provided this is reasonably substantial. If cleome [redacted] is sown out [redacted] doors in May, it is probable that the natural variation between the day and night temperatures of the soil will be [redacted]ugh to trigger germination and after that all will go well. Kerley calls this the gambler's method although I do not think [redacted] risk is very great.

For committed gardeners, *she suggests putting the seed* pan in the domestic refrigerator [redacted] night and removing it to the airing cupboard by day, which will give a temperature variation all the [redacted] from 5°C to about 25°C.

This treatment is continued until seedlings start to appear; then, the seed pan is taken immediately into [redacted] normal heated greenhouse. (It is quite untrue, as is said often, that [redacted] is essential [redacted] germination [redacted] seeds; they will [redacted]ually well in the dark or light.)

Kerley has two other methods [redacted] *suggest* for run-of-the-mill gardeners. [redacted] is [redacted] in [redacted] propagator on the greenhouse staging [redacted] April [redacted] temperature will [redacted] from about 20°C at night to as much as 30°C by day.

The other is to sow on the *open staging in an unheated* greenhouse in April, when the temperature will fluctuate considerably from as [redacted] only temperatures below 5°C [redacted] above [redacted] are likely [redacted] damage [redacted].

■ Eccremocarpus scaber, [redacted] Glory Vine, [redacted] slender climber with finely-divided leaves [redacted] tubular flowers. [redacted] twigs [redacted] objects by means of tendrils, and will live for years outside in a warm, sunny place since it can shoot up in the [redacted] from its fleshy roots. It is an ideal conservatory plant without need of artificial heat.

The Unwin team's attention was turned [redacted] this plant only when [redacted] bred [redacted] fine new race of hybrids [redacted] was [redacted] Fireworks because it had flowers in various colours from *yellow and orange to red. The* team had no trouble germinating seeds but some of the customers did.

Kerley and her colleagu[redacted] established quickly that, contrary [redacted] popular belief, sowing in [redacted] (which usually [redacted] recommended) depressed germination severely in [redacted] of [redacted] Chilean Glory Vine. [redacted] germination [redacted] only [redacted] sowings are placed in the light.

Germination will occur over [redacted] of temperatures fr[redacted] 5°C to [redacted] that.

The recommendations [redacted] to [redacted] on [redacted] compost [redacted] with [redacted] piece of tightly-stretched cling film to [redacted] *moisture. The seed* pan [redacted] placed [redacted] light position, but [redacted] direct sunlight, in [redacted] temperature of 10°C-15°C. As soon [redacted] germination starts, [redacted] film [redacted] be removed and 4mm depth of seed compost sprinkled over the seeds. After [redacted] you should [redacted] the same way [redacted] any other half-hardy plant.

■ Meconopsis betonicifolia, [redacted] Himalayan [redacted] Poppy, [redacted] exceptionally beautiful plant, [redacted] high with sky-blue flowers early in [redacted]. For many years I refused to sow packeted seed because fresh seeds from the pod could almost be guaranteed to germinate, [redacted] Unwin team [redacted] to [redacted] problem [redacted] making [redacted] germinate reliably [redacted] having been packeted *and, perhaps,* [redacted] is now so [redacted] it [redacted] this plant [redacted] in [redacted] catalogue.

[redacted] difficulty [redacted] peculiar dormancy problem [redacted] be [redacted] in the following [redacted]. Sow [redacted] in [redacted] only [redacted] compost, for they [redacted] light. [redacted] in [redacted] polythene bag [redacted] maintain humidity [redacted] place it [redacted] propagator, frame [redacted] greenhouse [redacted] temperature [redacted] 18°C-21°C.

[redacted] this, [redacted] to [redacted] compartment [redacted] refrigerator [redacted] leave it there until you see the first sign that [redacted] seeds [redacted] germinating, which usually [redacted] about two [redacted] weeks.

Then [redacted] pan to the greenhouse [redacted] light [redacted] temperature [redacted].

[redacted] seedlings [redacted] be picked [redacted] they [redacted] a [redacted] under [redacted] conditions.

[redacted] sow early [redacted] is [redacted] small seedlings through the [redacted]. The larger they [redacted] by [redacted] time, [redacted] better chance they have.

Plant of the week

Schizostylis Viscountess Byng.

This [redacted] flowering variety of Schizostylis Coccinea, [redacted] perennial. It [redacted] usually [redacted] by bulb [redacted] but it [redacted] only rudimentary corms [redacted] stringy roots do not like being [redacted] out. All [redacted] are far [redacted] purchased as growing plants, preferably in [redacted] so [redacted] they [redacted] planted [redacted] *little* [redacted] disturbance. The [redacted] in slender, [redacted] 18-inch spikes in autumn [redacted] early winter and [redacted] pale pink in Viscountess Byng, deep [redacted] in the [redacted] form, coccinea, and [redacted] in a larger [redacted] variety named Major. All like [redacted] be grown in [redacted] soil that is kept moist in [redacted] in full light. All [redacted] *little* [redacted] will survive some [redacted] and [redacted] very satisfactory in patio gardens or [redacted] south-facing wall.

AH

An apple a day keeps Emu away

***Robin Lane Fox** lambasts the Eurofruit*

LIKE [redacted] of the top growth in [redacted] garden, the fruit [redacted] finally had it. Neglected [redacted] have stopped showering me [redacted] for stewing; black plums [redacted] shrunk [redacted] of small damsons; and, last, there is an end to the fallen apples of forgotten species which [redacted] quicker [redacted] make [redacted] *pommes*.

From now on, [redacted] is [redacted] Golden Delicious again, Europe's standardised apple. [redacted] may [redacted] sovereignty, but [redacted] rather different; apples [redacted] a primary reason why people who cannot [redacted] Emu believe deep down that bureaucratic [redacted] concord and rationality.

During [redacted] autumn, perhaps [redacted] have shared [redacted] cowardly feeling: [redacted] own gov[redacted] such awful [redacted] would [redacted] to hand all [redacted] European [redacted] do it all for us and stop endless booms and slumps?

[redacted] you recognise [redacted] instinct, remember [redacted] apples [redacted] again. During [redacted] Europe imposed [redacted] apple on its public for [redacted] good reason except uniformity. [redacted] grubbed up [redacted] trees; [redacted] gality [redacted] proven [redacted] Bloody Ploughman and Lady Sudeley; [redacted] buy shrink-wrapped [redacted] balls, [redacted] fluff [redacted] neither [redacted] Delicious. It merely "conformed to specifications."

[redacted] long ago I [redacted] in [redacted] heartland, [redacted] triangle between Avignon [redacted] Carpen[redacted]. One [redacted] day's spring, co-ordinated [redacted] Worcester, could kill [redacted] stock [redacted] quickly [redacted] anything in [redacted].

[redacted] yet, [redacted] spray it, but [redacted] still [redacted] it. Fruit [redacted] confined [redacted] the new and trendy where jostaberries vie with boysenberries and every cooking apple is Bountiful. There [redacted] still [redacted] proven old-timers which [redacted] not [redacted]hamed of aromatic fla[redacted] and rough russet skins. Stocks are usually low, but demand could *provoke* supplies. Just as old-fashioned [redacted] the [redacted] the past three decades, old-fashioned apples [redacted] set to bounce back in the post-Maastricht era.

Like old roses, old apples have inviting names. They have [redacted] of [redacted] rose's snobbery, no faded [redacted] and only a [redacted] forgotten lords like Strudbroke. They are stronger on regional favouritism and

Old-fashioned apples, like old roses, are set to bounce back

such robust rural virtues [redacted] Hereford Beefing or King of Tompkins County. They do not [redacted] blackspot [redacted] trap [redacted] in forms. They [redacted] an [redacted] predation [redacted] flavours, from [redacted] Tower of Glamis [redacted] sharpness [redacted] May Queen [redacted] acidity [redacted] Stark's Earliest. [redacted] the committed Eurocrat who would prefer another [redacted] Delicious [redacted] fruit [redacted] Gascoyne's Scarlet, [redacted] of [redacted] mindless [redacted].

The difficulty has always been [redacted] find stock [redacted] old friends [redacted] buy them. This [redacted] very much [redacted] included [redacted] of types of fruit for [redacted] time.

[redacted] 20 [redacted] of unknown apples, you might well give up and return [redacted] something well-known like [redacted] or James Grieve. If you [redacted] branch out, I suggest that you refer to library copies of Edwardian experts' books on fruit. Connoisseurs like Bunyard and Laxton knew the lit[redacted] tricks of most apples, and their books still [redacted] you an honest head gardener's view [redacted] varieties which otherwise [redacted] mere names.

Where can you find a [redacted] of bushes, well off the beaten French track? Family Trees [redacted] P.O. Box 3, Botley, Hampshire [redacted] 2EA, lists about [redacted] non-European alternative apples, although insisting on minimum [redacted] worth £30. [redacted] north, the Tweedie Fruit Tree Nursery [redacted] 504 Denby Dale Road West, Calder Grove, Wakefield WF4 3DB, lists [redacted] without overlapping, and will supply by post without a minimum order value.

Both these firms will sell you one-year-old [redacted] which [redacted] much cheaper and often more convenient. [redacted] world [redacted] fruit, too, maidens are untrained [redacted] amenable [redacted] coaxing and guiding. If you [redacted] *to train* [redacted] *apples* [redacted] into the shapes [redacted] particular [redacted] or fences, [redacted] are [redacted] cheap, [redacted] type [redacted] begin.

Neither firm [redacted] strong on [redacted] particular varieties I have [redacted] fondness: here, [redacted] list [redacted] Keepers Nursery, [redacted] Wateringbury Road, [redacted] Malling, [redacted] 6JJ. A [redacted] connoisseur [redacted] of apples [redacted] list, [redacted] be [redacted] largest *in existence; but you* [redacted] remember that [redacted] forms [redacted] very [redacted] and buyers will [redacted] patient.

Meanwhile, you can [redacted] with [redacted] type-sheet of [redacted] than 200 non-conforming, non-standard varieties. Let [redacted] have a single currency, so long as we can avoid their awful fruit. Who [redacted] mouthful [redacted] bureaucratic fluff [redacted] we can be eating our [redacted] *Cornish Gillyflower* [redacted] D'Arcy Spice with [redacted] taste which is simply classed [redacted] "vinous?"

Fishing

Tales from the riverbank

ONE OF the mysteries [redacted] publishing is that more companies [redacted] not go bust, given the [redacted] they produce. I saw [redacted] recently called [redacted] *Pike*, written by [redacted] Edward [redacted]. *The blurb says he is* [redacted] throughout the fishing world as "ET." Not by me.

The awfulness of most fishing books makes the demise of a decent publishing company doubly unfortunate. Only last year, I was bewailing the disappearance of Unwin Hyman which, *under the discerning* direction of Merlin Unwin, had published more than its share of good books.

I am delighted to report that Unwin has [redacted] his own outfit, having [redacted]ly retained his faith [redacted] quality will sell, even in [redacted] difficult [redacted]. I *hope he is right and he has* certainly got off to [redacted] promising start.

Mike Weaver's *The Pursuit of Wild Trout* (Merlin Unwin Books, £16.95) is a most [redacted]taining mixture of instruction, philosophy and reminiscence [redacted] a man who seems to spend more than his *fair share* of time catching more than his fair share of trout from some of the [redacted] and [redacted] spoiled rivers in the civilised world. The book is produced beautifully.

Even more valuable is Peter O'Reilly's *Trout and Salmon Rivers of Ireland* (Merlin Unwin, £15.95). Any angler [redacted] can [redacted] into this encyclopaedic guide without being seized by an immediate urge to take a six-month sabbatical in that incomparable island has something wrong with him.

One of [redacted] Merlin Unwin brought [redacted] in years past [redacted] Chris Yates, whose *Casting At* [redacted] and *The Deepening Pool* were, properly, hailed as classics. The first of these has been re-issued in a paperback (Pelham, £10.99) and should not be missed. It is extraordinarily good – humorous, wise, exciting, [redacted] with the obsessive, daft [redacted]*sion of the sport*.

Ian Niall is [redacted] prolific journalist whose celebration of the lonely lakes of north Wales – *Trout From The Hills* – [redacted] published [redacted] ago and then went out of print. It is a book full of charm and its re-issue is most welcome (H.F. and G. Witherby, £14.99).

The company [redacted] brought out a selection from the writings of Sidney Spencer under the title *Fishing the Wilder* [redacted] (£13.99). Spencer [redacted] an elegant and [redacted] about the [redacted] wind-[redacted] countryside [redacted] and Ireland, and this volume does him overdue justice.

I enjoyed John Wilson's *Go Fishing Year* – featuring the jolly star of television – more than I expected (Boxtree, £15.99). It [redacted] the [redacted] the Channel Four films [redacted] being free from all the cackling hilarity and the cries of "[redacted] fight!" [redacted] "Wotafish!" Wilson is no stylist, but he is good company. I could say the same of William Scrope, whose 19th-century classic, *Days and Nights of Salmon Fishing*, has been re-issued handsomely by the Flyfisher's Classic Library (£45).

Before fishing on the Spey last May, I read *Waddington On Salmon*, a new book from an ancient colossus of the fishing world, Richard Waddington (Crowood, £16.95). It is written in a rather rough-and-ready way but struck me as being *full of wisdom and authority*. This book, I thought, would help me catch fish. I caught nothing, but I do not blame Waddington. His words are well worth having.

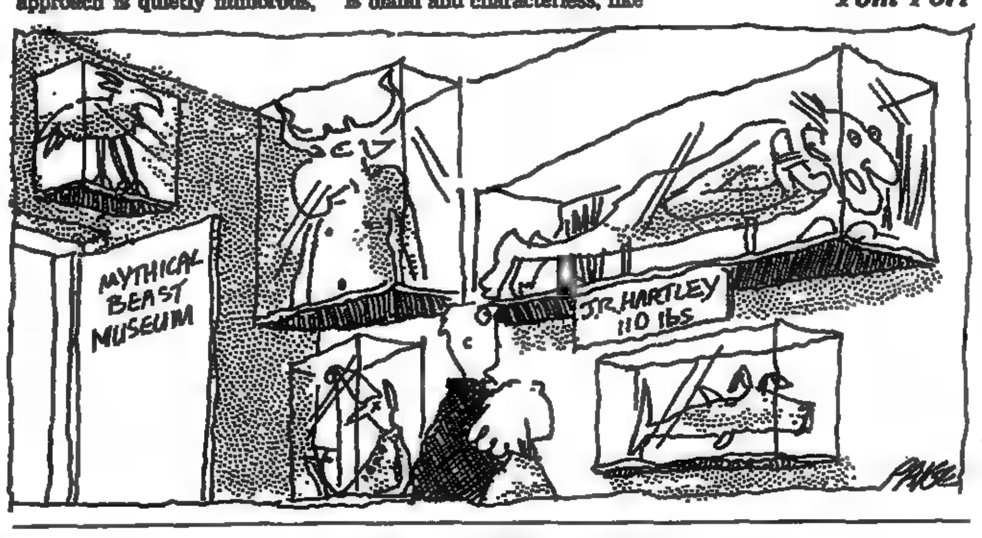
I cannot [redacted] as [redacted] Nick Maskrey's *To Catch A* [redacted] (Souvenir, £12.99). This purports [redacted] "A Complete Guide To Fly [redacted] Beginners," but has [redacted] chapter headings [redacted] and is, therefore, almost useless. Students should read Dermot [redacted] *Fishing the Dry Fly*.

Both David Barr's *Twice Hooked* (Berskwell, £9.95) and Bruce Sandison's *Long Walks With Little People* (Mainstream, £10.99) tell of [redacted] joys of fishing with [redacted] family. Barr's approach is quietly humorous, Sandison's heavily fa[redacted]. I have enjoyed articles by [redacted] men but I do [redacted] think these books show them at their best.

The only intriguing thing about *Sotheby's* [redacted] *To Fly-Fishing* (Dorling [redacted], £20) is: why Sotheby's? It is a large, lavish and handsome book, the cover of which is marred inexplicably by having [redacted] picture of [redacted] horribly snub-nosed, ragged-finned rainbow trout. It is one of those modern productions in which the photographs and diagrams are of far greater significance than Charles [redacted] rather humdrum text. As a result, it is bland and characterless, like [redacted] cuisine.

Finally, I suppose I [redacted] J.R. Hartley's *Fly Fishing* (Stanley Paul, £8.99), spawned by the television com[redacted] which [redacted] maddening [redacted] dodderer with the beatific smile uses the Yellow Pages to track down his mouldering magnum opus. Instead of the gentle, nostalgic musings I had associated with the character, we have [redacted] – a riverside version of the television [redacted] *'Allo* [redacted]. I found it painfully unfunny although I [redacted]t add (in its favour) that it is cheap.

Tom Fort



Country View/**Michael Stourton**

Why Britons must keep their acres

MOVING, as we apparently are, towards tighter political, commercial and cultural union with Europe, I have a nasty feeling that mandatory use of hectares, rather than acres, *in the rural, agricultural* and forestry spheres may lie just round the corner.

That would be more than a pity; it would make for a still wider gap, philosophical and practical, between the bureaucrats and the country people whom they serve.

The reality is, as the politicians say, that virtually all country people deal and think in terms of acres. Land is valued, *bought and sold* in acres. Country people have in their minds a clear picture of what, say, [redacted] six-acre enclosure looks like. Farmers assess stocking rates for livestock and crop yields against a background of acres. Only when they turn to deal with ministry forms are they compelled to use a language of measurement that is unfamiliar to them. The same is true of forestry and the Forestry Commission.

Open the property advertising pages of, for example, *Country Life*, *Farmer's Weekly*, the *Field* or, indeed, the *Weekend FT*. See how many of the properties described are measured in hectares. Probably none. The one leading UK estate agency firm which "went metric" with a flourish quietly dropped hectares after a few months and *crept back into the acreage* fold.

So much of history is bound up with the land. How satisfactory to be able to look up old records and legal documents knowing that they will be expressed in familiar acres, even if one does, now and then, have to take on board [redacted] cluster of rods, poles and perches.

Should we say, "No, no and no" to an obligatory single unit of land measurement? To country folk, the [redacted] a single unit (that is to say, a [redacted] unit) of land measurement is far more repellent than a single unit of currency.

[redacted] continuing [redacted] use [redacted] we need hardly feel reactionary. Our friends and allies of the New World use the very [redacted] as ourselves. But, [redacted] flexibility, we [redacted] always [redacted] practice [redacted] authoritative journal, *Farmland Market*. In reporting and *analysing agricultural* sales [redacted] rents, [redacted] property [redacted] transaction, [redacted] and hectares. This [redacted] seems entirely equitable.

[redacted] are in day-to-day contact with [redacted] land will, no doubt, [redacted] doing what they always have done; that [redacted] thinking, dealing and writing in [redacted] the [redacted] trusted [redacted] (there are 2.471 [redacted] hectare).

*** MALT WHISKY OFFER ***

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One barrel for [redacted] - [redacted] than [redacted] a [redacted] only due if/when removed from Bond.
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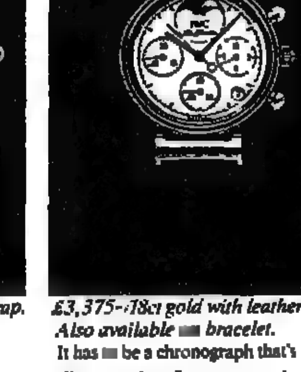
The Da Vinci by IWC. Even if the name weren't protected, no other watch would be capable of bearing it.

£9,950–18ct gold, with leather strap. Also available [redacted] bracelet.

It has [redacted] a chronograph with perpetual calendar and moon phase display up [redacted] the year 2499. That stops the [redacted] exactly [redacted] eighth of a second [redacted] thereby automatically counts [redacted] minutes and hours.
A chronograph [redacted] knows automatically whether the month [redacted] 28, 29, 30 [redacted] 31 days – for centuries [redacted].
A chronograph that shows, day in day [redacted] the position of the [redacted] in the sky. And automatically changes the date, weekday, month, [redacted] year – without [redacted] for any correction – up to New Year's Eve 2499. A chronograph with a mechanical masterpiece, the [redacted] of which others have [redacted] measure [redacted] to. A chronograph [redacted] crafted in 18ct yellow gold [redacted] which the individual serial number [redacted] your own name is engraved on [redacted] base.
Even in the [redacted] unlikely [redacted] of you [redacted] coming [redacted] a watch with these astonishing features, there would still [redacted] one significant feature missing:
The Da Vinci is made by IWC.



£3,375–18ct gold with leather strap. Also available [redacted] bracelet.

It has [redacted] be a chronograph that's slim enough to fit on [redacted] woman's wrist.
[redacted] chronograph that [redacted] easier [redacted] find excuses for being late for an appointment – [redacted] the second precisely, [redacted] otherwise you could only [redacted] yourself for [redacted] delay of [redacted] or hours.
A chronograph that [redacted] what is written in the stars, but will accurately [redacted] of [redacted] phase [redacted] given time.
A chronograph [redacted] date display.
And [redacted] individual serial number engraved [redacted] the solid gold case. [redacted] which [redacted] name may [redacted] engraved that is equally worthy [redacted] Vinci by [redacted].
Your own [redacted].

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If you would like [redacted] know more about the Da Vinci chronographs and other masterpieces, please ask for the IWC complete catalogue.
IWC (U.K.), 124A Manor Road North, Thames Ditton, Surrey, KT7 0BH. Tel: 081-339 [redacted] Fax: [redacted] 9615.

[redacted] ASPREY – [redacted] BOND STREET, HARRODS – [redacted] DAVID MORRIS – CONDUIT STREET, THE WATCH GALLERY – FULHAM [redacted] AND JERMYN STREET GARRARD – THE CROWN JEWELLERS MAPPIN & WEBB – QUEEN [redacted] STREET, [redacted] REGENT STREET, HEATHROW TERMINAL [redacted] AND GUILDFORD [redacted] HOWARDS – [redacted] C.S. BEDFORD – [redacted] HARPERS – HARROGATE AND YORK.

BOOKS

Some irresistible reading for children

TO CAPTURE – and hold – a child's attention ought [redacted] be the [redacted] of every writer [redacted] illustrator of books for children. Here MICHAEL GLOVER's selection consists of titles published this autumn that in our opinion have done just that. And as [redacted] quick aid to the buying of presents, we [redacted] extracted from this selection ten outstanding titles of our [redacted] – [redacted] least one from every category. Publishers and readers alike should be warned that these titles are not presented in order of merit.

Eleven-plus

SOME of this season's strongest novels for good readers of ten and above [redacted] works of historical fiction, and one of the best of these is *Grace* by Jill [redacted] Walsh, a first-person retelling [redacted] story [redacted] Darling, the young woman [redacted] was secured by her daring act of bravery in rescuing the survivors of a shipwrecked paddle-steamer in [redacted] an [redacted] turned her almost overnight into a national symbol [redacted] fortitude and bravery. But [redacted] did the local people respond [redacted] all [redacted] attention? That is [redacted]

Theresa Tomlinson lives in [redacted] and her [redacted] novel, *[redacted] Carrier*, explores the terrible hardships endured by one of [redacted] many family [redacted] makers who [redacted] out a meagre living in the dank, inhospitable [redacted] of [redacted] District [redacted] the [redacted] eighteenth century. The [redacted] illustrated with contemporary engravings. Charles Ashton's remarkable first novel, *Jet [redacted] Dragon Fire*, [redacted] fantasy [redacted] in [redacted] village where all the familiar technology exists for living in [redacted] world [redacted] present – [redacted] are televisions, telephones, calculators, for example – but no one [redacted] know how [redacted] use it: [redacted] top of which, [redacted] burdened by the problem [redacted] teacher, [redacted] Minn, whose funny "turns" keep [redacted] driving her up into [redacted] mountains in pursuit of goodness [redacted] what...

In *[redacted] Shoemaker's Boy*, a short novel with the [redacted] nances of the folk tale, a shoemaker's son is forced to pit his [redacted] some strange nocturnal visitors, [redacted] black knight who demands that the boy [redacted] him a new pair [redacted] boots [redacted] and [redacted] white knight, [redacted] antagonist, who presents Jem with a small [redacted] silk [redacted] he must guard with his life. [redacted] Aiken's finely [redacted] compels and haunts.

In *[redacted] and Freddy* [redacted] move from medieval combat [redacted] the recent past. Dennis Hamley [redacted] written [redacted] very convincing and utterly unpretentious fictional account of [redacted] the Second World [redacted] might [redacted] been experienced by [redacted] young boy [redacted] father [redacted] up. The local boys form their own "home guard"; they [redacted] the alert [redacted] unexploded bombs; they [redacted] spies. This [redacted] was [redacted] for the [redacted] Prize.

Reading aloud

THE five-year-old heroine of *Sophie [redacted]* is determined [redacted] become [redacted] lady farmer when [redacted] grows up, and every [redacted] makes – from the naming of her pets to [redacted] invitations [redacted] that she succeeds [redacted] extracting from her school friends – is planned with that goal in mind. This is [redacted] book for reading aloud [redacted] spunky little girls.

Bold images

MARY [redacted] *Amazing [redacted]* the story of [redacted] Trinidadian girl, living [redacted] England, [redacted] all, [redacted] play [redacted] part of [redacted] Pan [redacted] school play. [redacted] one of [redacted] school [redacted] can't because... well, she's a girl and, what's more, she's black. But her [redacted] "You can [redacted] anything you want, Grace." *Amazing [redacted]* is [redacted] of the outstanding picture books of the year. The images of Grace, drawn by Caroline Binch, posing [redacted] Arc, [redacted] spiderman, [redacted] tha or Dick Whittington are of [redacted] quality: sharply realistic, [redacted] with a [redacted] and [redacted] for colour and bodily shape [redacted] an [redacted] children's books. It is also, and inevitably, a book with a message. But it never beats [redacted] drum.

Martin [redacted] written more than 80 [redacted] for children, and [redacted] two new publications, *[redacted] Happy Hedgehog Band* and *The Toymaker* demonstrate how easily his talents seem able to swing from one style of verbal representation to another. The first, the manic tale [redacted] Harry, [redacted] hedgehog [redacted] love of drumming [redacted] through [redacted] like a fire, is quite different in mood from the beautifully restrained *Toymaker*, [redacted] that [redacted] together [redacted] essentially [redacted] same story: that of [redacted] toymaker whose gifts live on [redacted] generation [redacted] generation. [redacted] book [redacted] as quiet and [redacted] redolent of [redacted] as [redacted] tumultuous, exuberant and up-to-the-minute.

Nursery time

IT IS difficult [redacted] choose [redacted] Michael Foreman's [redacted] and Alan [redacted] *A Book of Nursery Rhymes.* [redacted] for [redacted] Foreman's [redacted] better [redacted] for [redacted] it would [redacted] natural [redacted] of [redacted] children [redacted] own [redacted] up with a [redacted] of [redacted] rhymes that looked much [redacted] the one they [redacted]bably grew up with. Alan Marks', however, [redacted] of originality [redacted] Foreman's, for [redacted] his experience [redacted] of children's books, [redacted] to lack. Marks' double-page spreads [redacted] energetic [redacted] Foreman's; ani[redacted] leap, jump, fly, [redacted] edge of [redacted] leaving the [redacted] breathless [redacted] excitement. [redacted] very good [redacted] setting [redacted] a full-colour illustration, a device which both jars [redacted] On [redacted] other hand, [redacted] for 97pp, and Foreman's [redacted] 152pp.

The Orchard Book of Nursery Stories is an outstanding col[redacted] under-fives, simply re-told, delightfully illustrated, [redacted] with [redacted] solid repertoire of favourites, [redacted] include "The Gingerbread Man", "The [redacted] Little Pigs" [redacted] "Henny Penny".

[redacted] children [redacted] well on their own [redacted] bought [redacted] companion volume [redacted] Brian [redacted] collection, [redacted] excellent *Puffin [redacted] of Twentieth-Century Children's Stories.* Its editor, Judith Elkin, [redacted] use [redacted] from some of the best children's novels of [redacted] 20th century (*Watership Down, [redacted] Iron Man, Little House in [redacted] Woods [redacted] Borrow[redacted]*, [redacted] example), and [redacted] marvellously varied sampler should [redacted] very [redacted] of leading [redacted] on [redacted] explore [redacted] only [redacted] complete [redacted] ples have [redacted] but other titles by the [redacted] authors. Extracting [redacted] always a difficult [redacted] fortunately, Judith Elkin [redacted] highly experienced editor.

Any [redacted] the festive season for [redacted] is liable [redacted] slip [redacted] worse; but too or [redacted] titles have succeeded in avoiding these pitfalls [redacted] year. [redacted] Ray's *The Story of Christmas*, whilst entirely traditional in its presentation of the gospel story, is the best of these. The paintings are figuratively spare in [redacted] manner of pre-Renaissance painting, [redacted] colour – especially in her use of gold highlights – is ravishing. Sara Freedland's [redacted] presentation of the Jewish festival of *Hannukah!* is a fine demonstration of the limits to which cardboard technology of this kind can be pushed. The battle between the Syrians and the Greeks for ownership of [redacted] temple [redacted] of several lavishly [redacted] tableau[redacted].

Jesus' Christmas Party [redacted] point [redacted] of the innkeeper [redacted] is interrupted [redacted] again by groups [redacted] stranger visitors. To retell [redacted] story with any degree of humour or originality [redacted] a difficult thing indeed, and Nicholas Allan's success is only partially [redacted]ted by the [redacted] book's format.

Outstanding: [redacted] illustrations from Mary [redacted] 'Amazing Grace'

Poetry with pictures

BRIAN PATTEN'S *[redacted] of Twentieth-Century Children's Verse* [redacted] the autumn's outstanding anthology of children's poetry. Patten, a well-published poet in his own right, has succeeded in giving an element of surprise at every turn of the page by a judicious selection from the poets of his choice (almost 100 are represented in the book) and a telling juxtaposition of [redacted] themselves. Michael Foreman's line illustrations emphasise [redacted] mood [redacted] the poetry without in [redacted] obscuring [redacted] message. An interesting [redacted] is Patten's decision to run the poems in reverse chronological order: the youngest poet, Richard Edwards, opens the collection; [redacted] it. A [redacted]cial commendation to the designer too: the typesetting is bold and marvellously [redacted]able.

One [redacted] the younger poets represented in Patten's book is Michael Rosen, whose new title *Who Drew On The Baby?* is his first full collection for six years. Rosen's distinctive brand [redacted] anarchic humour seems to spring [redacted] the very centre of the child's consciousness; the wild, raucous jokes always sound as if they had been overheard. Perhaps they had.

Charles Causley is a poet who has been making an important and distinctive contribution to children's literature for several decades, and *The Young Man of Cub* finds him back on ground that over the years he has made his own – the misty, quirkish world of Cornish myth and legend that he captures in stories most often written in ballad metre. One of the best in this book is "Seven Tales of Alder", in which that venerable tree unlocks some [redacted] innermost secrets. Michael Foreman illustrated this one too – in full colour this time.

Guide at [redacted] glance

[redacted] of 20th-Century [redacted] Verse; [redacted] Viking 414pp, [redacted] *Who [redacted] on [redacted]* Michael [redacted] *The Young [redacted] Cury*; [redacted] Causley, [redacted] *Michael [redacted]* 152pp, [redacted] *A [redacted] Nursery [redacted]* Alan Marks 97pp, £9.95. *The Orchard [redacted] of Nursery [redacted]* Windham, [redacted] *The [redacted] Book of 20-Century [redacted]* Elkin, [redacted] *The Story of Christmas*; [redacted] Ray, [redacted] Books 32pp, £8.99. [redacted] Sara [redacted] Robson Books 14pp. [redacted] *Christmas Party*; Nicholas Allan, Hutchinson 32pp, £4.99. *Amazing Grace*; Mary [redacted] & Caroline Binch, Frances Lincoln 25pp, £7.95. *The [redacted]* & Jill Barton, Walker [redacted] *The Toymaker*, [redacted] & Terry [redacted] 24pp, [redacted] *Six*; [redacted] £8.99. *The [redacted] Boy*; [redacted] Aiken, Simon & [redacted] Young Books [redacted] *The War [redacted] Freddy*; [redacted] Hamley, [redacted] Children's [redacted] 110pp, [redacted] Jill Paton Walsh, Viking [redacted] Theresa Tomlinson, Julia MacRae 126pp, £8.99. *Jet Smoke and Dragon Fire*; Charles Ashton, Walker Books 214pp, £8.99.

Ten Outstanding [redacted] from the publishers' autumn [redacted]

- *Puffin Book of Twentieth-Century Children's Verse*; Brian Patten, Viking £12.99
- *[redacted] Book of Nursery Rhymes*; Alan Marks, Picture Book Studio £9.95
- *The Orchard Book of Nursery Stories*; Sophie Windham, Orchard £9.99
- *The Puffin Book of Twentieth-Century Children's Stories*; Judith Elkin, Viking £12.99
- *The Story of Christmas*; Jane Ray, Orchard £8.99
- *Amazing Grace*; Mary [redacted] and Caroline Binch, Frances Lincoln, £7.99
- *The Toymaker*; Martin Wddell and Terry Milne, Walker Books £7.99
- *The Shoemaker's Boy*; Joan Aiken, Simon & Schuster Young Books £8.99
- *Grace*; Jill Paton Walsh, Viking £8.99
- *The Rope Carrier*; Theresa Tomlinson, Julia MacRae [redacted]

Drink to the melodrama

*The saloon bar said it all for Hamilton, says **Anthony Curtis***

THROUGH A GLASS DARKLY: THE LIFE OF PATRICK HAMILTON
by Nigel Jones
Scribners/Macdonald £18.95, [redacted]

THE AUTHOR of [redacted] great stand-bys of [redacted] stage, *Rope [redacted] Gas Light*, saw life through [redacted] glass darkly in more senses than [redacted] The glass into which he peered when he was [redacted] young author was usually [redacted] glass [redacted] bitter. Around seven pints in an [redacted]ing was par [redacted] his course. In his more [redacted] latter [redacted] when those melodramas were yielding a steady income, the glass was filled, and re-filled many times, with scotch. The autobiography Hamilton began in 1961, and never completed, started as *The House of Hangovers* but its provisional title was changed to the more brutally honest *Memoirs of a Heavy Drinking Man*.

By the age of 58 drink had ruined him. In 1962 he died of it in the flat he and his second wife, known to her friends as La, had taken on the Norfolk coast. That was after Hamilton had undergone several attempts [redacted] cure for his alcoholism, involving dryings-out and [redacted] shock treatment. Nigel Jones's [redacted] Hamilton's years of decline when he was too distraught [redacted] is painful [redacted] read even now. Hamilton still had books inside him [redacted] wanted to write, [redacted] he just could not [redacted] on [redacted] His [redacted] novels, [redacted] the murderer Neville Heath, [redacted] fairly recently adapted [redacted] featuring Nigel Havers, [redacted] unfinished, [redacted] was [redacted] project stemming from [redacted] love of poetry and folk language, a dictionary of rhyming slang he was compiling.

[redacted] if drink was [redacted] undoing [redacted] an individual, it [redacted] his life-blood as [redacted] author. Among the [redacted] critical appraisals his work has inspired from admirers like J.B. Priestley, [redacted] Allen, [redacted] Lessing [redacted] Michael Holroyd, there [redacted] Peter J [redacted] it all. London pubs and boarding houses, [redacted] hotels, the Metropole in Brighton, the [redacted] Pier, places [redacted] habitual refreshment and recreation, were Hamilton's England – [redacted] rather small, insular one by the standards of a Dickens, or even a Graham Greene, but nonetheless rich and resonant in its disclosures of the après-war way of life.

Take that little group standing at the bar. They look as if they have had a few, don't they? Did you know that the woman, a raving beauty, is consumed by ambition to get into films and will stop at nothing to fulfil it? Or that the chap with his hand on her [redacted] one of the bully boys [redacted] Sunday's [redacted] rally? Or that the dopey [redacted] they are always teasing is a schizophrenic? Glimpsing them through the [redacted] of [redacted] rapidly emptying tankard, Hamilton sees into them – and then right through them. He recreates, not just how they look [redacted] but, with uncanny accuracy, [redacted] meaningful banality of their drunken talk. All of this may be checked by reference to his masterpiece, *Hangover Square* (1941), "a story [redacted] Court".

It [redacted] a key [redacted] understanding the mood [redacted] the ordinary people in this country in [redacted] run-up to the [redacted] World War, [redacted] period between Munich [redacted] Chamberlain's announcement of [redacted] in 1939. The prime minister's famous broadcast registers peripherally upon the hero's consciousness as he plans his *crime passionel*. The novel is also a classic account of a split mind. [redacted] – [redacted] tells [redacted] – "as [redacted] a [redacted] fallen" inside the man's head. He wanted peace but to get it he had to kill.

Nigel Jones fills in the background. Hamilton was not temperamentally like George Harvey Bone, his gentle killer. Nonetheless he became sufficiently like him in the end to threaten to destroy the sanity of the people closest to him – his first wife Lois Martin, his second, Lady Ursula Chetwynd-Talbot, and his brother Bruce, who wrote his own book about Hamilton. They finally joined forces to try in vain to save him.

Yet it is clear that, when he was not stoned, Hamilton was an enchanting fellow to know. He belonged to that small band of English novelists – they include Ford Madox Ford, Ian Fleming and P.G. [redacted] – who [redacted] golfers. Among [redacted] deli[redacted] *Hangover* contains one of the best descriptions I have ever read of a fictitious round of golf. Bone plays alone with borrowed clubs on an empty course, yet Hamilton generates as [redacted] excitement as [redacted] it were an [redacted] championship. Later [redacted] murders is executed by [redacted] powerful swing of Bone's [redacted] golf club. Hamilton's non-golfing literary friends included Michael Sadleir, [redacted] publisher [redacted] Trollopian, writ[redacted] Arthur Calder [redacted]shall, Claud Cockburn, [redacted] brand [redacted] ironic well-bred [redacted] Hamilton shared, and [redacted] book-critic, John Davenport.

[redacted] childhood, [redacted] his [redacted] sister, was sacrificed on the altar [redacted] gentility in Hove. [redacted] knowledge [redacted] love [redacted] Brighton displayed [redacted] his [redacted] was [redacted] heavy drinker, a clubman and barrister who never practised, Mama had been married and divorced when she unhappily took Bernard Hamilton as her second husband. They forcibly indoctrinated their offspring with their shoddy values. But as soon as he had broken out of the conventional educational system, Hamilton started to write. After some early fiction, the play *Rope* based on the Leopold and Loeb case in the US, just seem to come to him out of the blue and was an instant hit. It never stopped being performed, which meant that Hamilton was rarely short of money. At the height of his fame Hamilton lived the life of an author of renown in Piccadilly's Albany.

The sado-machoism *Rope* enshrined was a consistent feature of the plots of all his plays and novels. He managed to sublimate this tendency in his writing while it continually scarred a life that was highly creative, recklessly generous, but maritally disastrous [redacted] of [redacted] personal mal[redacted] triumphant his [redacted] became, [redacted] in his private [redacted] His [redacted] quited [redacted] include the exotically [redacted] Maruja Mackenhenie of Scottish Peruvian descent, [redacted] still [redacted] him fondly [redacted] interviewed [redacted] an old [redacted] of [redacted] in Lima. She was [redacted] sister [redacted] dashing friend Carlos [redacted] Then [redacted] Geraldine Fitzgerald, the model for [redacted] in *Hangover [redacted]* and [redacted] Paulette [redacted]

Nigel Jones does not [redacted] anything like as well as Hamilton, but he [redacted] a decent respect for him and he has certainly unearthed some fascinating material.

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Getting to grips with Islam

MUHAMMAD: A WESTERN ATTEMPT TO UNDERSTAND ISLAM
by Karen Armstrong
Gollancz £9.99, 290 pages

THIS BOOK is properly subtitled. It is an attempt, and an attempt which *fails*. Those who want to [redacted] Islam would do better to go straight to the publications of some body such as the Islamic Teaching Centre – e.g. Hammudah Abdalati's *Islam in Focus* – for, whilst Karen Armstrong is no stranger to religious experience (she was a nun for seven years), and she tries to empathise with Muslim responses to the Koran, her book never really comes to grips with a problem that she herself identifies in the introduction: that there is Islam, and there is Fundamentalist Islam, and the two rarely con[redacted]

Islam, [redacted] Voltaire, [redacted] equate with fanaticism; [redacted] understanding [redacted] matter of straightforward scholarship. But understanding Fundamentalist or Militant Islam requires a complex grasp of history, politics and anthropology, [redacted] it [redacted] easiest [redacted] those who have already accepted some [redacted] So [redacted] present Archbishop [redacted] Canterbury can [redacted] to [redacted] felt by [redacted] issues [redacted] blasphemy in a [redacted] other Anglicans could not.

Armstrong lacks [redacted] elegance of [redacted] Western accounts of the life of Muhammad (e.g. Washington Irving's) and she has nothing like [redacted] cheeky aplomb [redacted] Richard Burton (the one who went to Mecca disguised as an Afghan vagabond). But the classic Western accounts of Muhammadism tend to be tinctured with [redacted] disapproval of [redacted] perceived as the prophet's "licentiousness" – still a touchy subject, [redacted] no one knows [redacted] than Salman Rushdie – [redacted] it is good to [redacted] King Solomon had a harem which "[redacted] look quite pathetic".

[redacted] tone [redacted] studied impartiality [redacted] this book, which is to its credit; and the publishers are right to trumpet the book's motivation as important. Not long ago I had [redacted] experience of going to an Indian restaurant in Bradford whose premises were a former chapel. This was odd for one who spent many hours of his youth in the pews of such a chapel. If I had been fanatical, I would have taken offence against the sight of a baptismal font turned into a bijou interior fountain. Coming out of this chapel/curry house, I noticed across the road some enormous structure going up. A new Tesco? No: a new mosque – promised to be the biggest in Europe.

The truth is that Islam is growing and Christianity is in decline; though there is growth on both sides in their Fundamentalist versions. It becomes any citizen to know about the life and tenets of the prophet Muhammad. Whatever his message, it is making sense to an increasing number of people.

Nigel Spivey

Time for crime, murder and mystery

IN THE old days, with the arrival of the festive season, the announcement of a new Agatha Christie was as expectable as the Illumination of Regent Street. Since the author's death, there have been a few much publicised posthumous works, several sporadic anthologies, and now – obviously some last, desperate scrapings – a "new collection" of Christie stories has been issued, entitled (after one of the slightest pieces in the volume) *Problem at Pollensa Bay* (HarperCollins £13.99, 227 pages).

The book comprises eight stories of varying length, from the wry anecdote to the more elaborated novella; all of the contents have already been published, either in periodicals or in American volumes, but are still largely unfamiliar, even to the most dogged fan. They range in date from 1925 to 1971.

Their range of tone is also considerable: the wistfully romantic "Next to a Dog", the vaguely supernatural Mr. Harley Quin tales and the wry Parker Pyne moralities are flanked by the more strict investigative puzzle. Miss Marple does not appear, but Poirot shines in the two best pieces in the book, one later expanded and called "Dead Man's Mirror".

Anthologies of murder – or mystery – stories have become a popular seasonal item in publishers' lists, though the genuine devotee usually prefers a full-blown novel. The narrow confines of the story rarely give [redacted] author space to develop a really complicated puzzle, [redacted] sleuth rarely has much [redacted] for reflective chewing [redacted]

Still, several collections, [redacted] a specific [redacted] setting, [redacted] recently [redacted] of them, Murder in the Vicarage, [redacted] (charmingly) [redacted] by Rex Collings, [redacted] a brief appearance by Miss Marple (who starred, after all, in the Christie novel of the same name). The term "vicarage" is taken loosely to [redacted] clerical crime, so there are some chapters from Edwin Drood (with a cogent proposed solution) and – venturing well beyond the close – H.S [redacted]'s turn-of-the-century story "Miss Hinch", set largely in New York's Lexington Avenue subway, from Harlem to 14th Street and environs. An unfortunate typographical lapse (some lines are dropped at the bottom of page 57) spoils the effect of M.R. James's classical ghost story "The Residence at Whitminster".

An anthology of tales involving chess, *Sinister Gambit*, edited by Richard Peyton (Souvenir Press, £14.99, 318 pages), [redacted] murder, and [redacted] much of the supernatural. Robert Barr's "A Game of Chess" is a good old-fashioned tale-within-a-tale, with an ingenious murder; and Poirot appears in a neat, brief investigation, outwitting Inspector Japp, of course, and mystifying Hastings, his devoted recording angel.

The reliable Winter's Crimes series has now reached its 23rd edition (Macmillan, £12.99, 184 pages), and the new editor, Maria Rejt, has brought together a nicely varied group of eleven stories. Among the best is Robert Barnard's grim and beguiling late Victorian story of deaths by s. bliss ("s" can stand for "supreme" or for "sexual", depending on how you regard it, surely a splendid lethal weapon); there is also a nice underworld tough story by Jonathan Gash, some fantasies, a sad, ironic Inspector Ghote episode from H.R.D. Keating, an exotic African horror story by Alan Schofield, and expert performances from the rest.

Some of the same performers appear in Crime Waves I (Annual Anthology of the Crime Writer's Association), edited by Keating (Gollancz, £13.99, 189 pages) and the debutant Midwinter Mysteries I edited by Hilary Hale (Scribners, £12.95, 178 pages – including welcome biographical notes on the contributors).

The brief stories are sometimes no more than anecdotes, usually determined by a murderer's foolish mistake – wearing the wrong scent, trusting the wrong accomplice, trying a double or triple deception and failing to fool the police – and some are simply jokes, like Michael Z. Lewin's little Dan Quayle spoof (in *Crime Waves*).

Few of these contributions will add much to their writer's reputation, but all will contribute something to the reader's pleasure, and the volumes will serve nicely for the guest room in the country house or, indeed, the vicarage.

William Weaver

Literary competition

You still have time – just – to enter our Literary Competitions: the deadline is next Tuesday evening and you can use our fax number 071-873 3197.

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Entries addressed to the Literary Editor; prizes of £100; results in [redacted] paper of December 28.

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Saleroom

The hype comes home to roost

RATHER LIKE the Chancellor of the Exchequer, as soon as the auction houses see a chink of light at the end of the recession their hopes are confounded. As they approach the Christmas break, they can consider that they are past the worst but still a long, long, way from the best, or the satisfactory. It is doubtful whether either Sotheby's or Christie's will be able to report even a marginal profit on the year's business.

Those who live by the hype shall perish by the hype. Sotheby's, and to a lesser extent Christie's, must be rueing the day they energetically sold Impressionist and Modern art to a new breed of speculator-dealer: then they were acquiring collections to sell by offering guarantees to the vendors, and making things easier for the buyers by offering loans.

Sotheby's became ensnared in a lending disaster when Alan Bond failed to make good the payments on Van Gogh's "Irises", and now Christie's has been caught out on its guarantee, rumoured at around $28m, on the Tremaine collection. The failure to sell two major paintings, by Mondrian and Miró, ensured that Christie's is out of pocket on the deal – although it now owns two major modern works.

Last week in London there was no sign of any revival in this sector and, what is worse, there is no expectation of any imminent upturn. Both salerooms will be very choosy about the Impressionists and Moderns they accept for 1992, especially works of art forced on to the market by banks foreclosing on creditors. Two years ago post-1870 art accounted for over 50 per cent of their turnover and even more of their profits. Now it is down to 25 per cent, and falling.

While Impressionist and Modern art has stumbled, contemporary art, traditionally more volatile, has done reasonably well. The most expensive painting sold in London last week was one of Francis Bacon's "Popes", for £1.98m; and the Germans are still buying contemporary German art.

On the same day it looked as if the corner had been turned when Samuel Messer's collection of English furniture exceeded all expectations and made £7.6m. This was one of the most successful furniture sales since the war, confirming that top quality items of good provenance will *still* get the dealers competing.

Taken alongside encouraging auctions of silver, jewels, prints, books and ceramics, it *seemed as if the traditional* works of art, the antiques that Sotheby's and Christie's had built their reputation upon, had proved their worth and held their value during the recession. Prices might be lower in some areas, but only low enough to tempt back genuine connoisseurs.

The optimism lasted until last Tuesday, when Christie's did well with a single owner collection of Old Master prints. Then on Wednesday Sotheby's Old Master picture auction, which it hoped would signal the market's revival, revealed the underlying softness in demand. Sotheby's considered the pictures good enough to command extremely high estimates: £4m for a Bellotto, £2.5m, for a Batoni. In the event the Bellotto sold, for just over £3m, but the Batoni, along with many other pictures, went unwanted. The corner is still some way off.

Antony Thorncroft

Festival for the Community

THE ARTS have friends in high places. The Prime Minister actually believes that a revival in the cultural life of the country is good for UK plc and his chief secretary at the Treasury, his close friend David Mellor, is nuts about the arts, in particular music. Hence the substantial rise in arts funding for 1992-93; hence *the sudden appearance of* £6m to fund a European Arts Festival in the UK for six months from July to celebrate Mr Major's (temporary) job as *de facto* President of the EC.

John Drummond, head of BBC Radio 3 and the Proms, has the difficult task of creating a Festival in an impossibly short time span and giving it "a coherent theme and personality". It is too late to commission new works, or to change radically the performing plans of the main national arts companies, like the Royal Opera and the Royal National Theatre.

Not that Mr Drummond particularly wants to. The PM's fancy is that the Festival should reach out to new audiences, so events will be geared towards youth and the regions, to untapped minds and to radio and TV coverage. Most of the events will be small scale, local, even popular. All the art forms will be covered and Drummond, with his experience of running the Edinburgh Festival for five years, will doubtless ensure that there is not too much bias towards his particular love, 20th century music. The Edinburgh connection will also help with the Festival finale – a grand gala in the city when the EC heads gather there in December.

Obviously events already planned will be taken under the Festival banner and given more cash if they fit the brief. Fortunately the 1992 Proms already incorporate visits from many European orchestras – the celebration has been mooted, and sketched in, for a few months now – and these will be packaged into the Festival. But time and money preclude tours by major European opera and dance companies.

In fact John Drummond still has to work out what he can achieve with the £6m, which is roughly twice the revenue of the UK's largest annual arts jamboree, the Edinburgh Festival. There will be tailor-made events, especially in the regions, but any arts companies with a European flavour to their programmes for late 1992, and who are twinned with *artistically rich continental* cities, might be well advised to approach Mr Drummond and try to infiltrate their way into his Festival – and cash box.

Antony Thorncroft

Judi Dench in Edward Bond's 'The Sea' at the Lyttelton Theatre

Alastair Muir

Tide runs out on 'The Sea'

THE NATIONAL Theatre is developing a distressing habit of putting on plays unworthy of its resources. In David Hare's *Murmuring Judges* the staging far outshone the text, and even in Alan Bennett's *The Madness of George III*, the brilliance of Nigel Hawthorne's playing of the king does not disguise the fact than many of the characters are made out of cardboard.

Other more obvious examples come to mind, but the most blatant so far is Edward Bond's *The Sea* at the Lyttelton. *Murmuring Judges* and *Madness* are at least new plays by writers with recent successes still fresh in the memory. There was no reason to expect that their latest work would drop below their own established standards.

Bond, too, is a considerable playwright, articulate as well as prolific, full of interesting ideas and capable of writing stunning scenes. He is fascinated by violence, but not obsessed by it. Some readers will recall the performance of *Saved*, in which a baby is ultimately stoned to death, at the Royal Court in 1965, and his version of *Lear* a few years later. Violence was an essential part of both pieces, but the plays also stood up in other ways. Bond, incidentally, can be very funny.

The Sea is billed as a comedy. The trouble is that it is not a new play. It was first performed at the Royal Court in 1973 and, so far as one can trace, does not seem to have been much done since, presumably for the simple reasons that it is not very funny and not very anything else. It is Bond on an off-day. For the National Theatre to pick it up now suggested that there might be hidden depths.

Indeed for about the first 10 minutes you suspect that the NT might be right. The play opens dramatically with a storm reminiscent of Shakespeare's *Tempest*, then switches with a change of mood also as sudden as that of *The Tempest*, to a draper's shop where the arrogance and capriciousness of an upper class customer are in full flow: calm of a kind after the storm at sea.

This is the east coast (of England) in 1907. You may think that you are in for a treat. If so, you have been taken in by the technical excellence of the NT's staging and playing. For, after the first 10 minutes, *The Sea* runs out all the way.

If the date and place have any significance, it is the naval arms race between Britain and Germany at that time. Official Britain was *petrified by fear of a German invasion* and the rise of German sea power. A line late in the play hints that Bond sees all that as a harbinger of potentially even more destructive arms races to come. But perhaps I read all that in.

For the most part, *The Sea* is a rather quaint play about people reacting to a small shipwreck off East Anglia. It is a village community dominated, of course – for this is a play by Bond – by the ruling class, some of whose members may be just as deranged, if less overtly violent, than the people they oppress. If you think that it is funny to see a funeral service with an upright piano on a cliff-top where the women compete on how best to sing "All People that on Earth Do Dwell" and the inevitable "Eternal Father, Strong to Save", you might like it. Otherwise, not.

I cannot think that it is any service to Bond to revive this work now in such a splendid setting as the Lyttelton. It is also surprising that the young director, Sam Mendes, should have chosen it. Judi Dench plays Mrs Rafi, the principal female gorgon, with all the style that the limited text allows and probably a bit more than it deserves.

Malcolm Rutherford

Tuned in to lost Broadway

***Michael Arditti** harks to the sound of musicals at the Theatre Museum*

IF YOU remember "I remember it well", the chances are it is as the sweet and sour lyric sung by Maurice Chevalier and Hermione Gingold in the film of *Gigi*; if, on the other hand, you recognise Alan J. Lerner's first version from his 1948 musical, *Love Life*, it is more likely that you were one of the packed, enthusiastic audience at Covent Garden's Theatre Museum last Sunday night.

For *Love Life*, which not only has lyrics by Lerner but music by Kurt Weill, has never been heard before in London, despite a respectable 252 per*formances on Broadway*; and, due to an untimely strike, its score was never recorded. This makes it prime material for rediscovery by the enterprising Ian Marshall Fisher and inclusion in his series of lost musicals.

Fisher, a 35-year old actor turned impresario, has all the right credentials, from running his own 1920s dance band to stage-managing Cameron Mackintosh's revival of *Oklahoma*. A man with a mission, he watched the West End become dominated by musicals while the country as a whole was driven by nostalgia. He *felt convinced that there must* be an audience for the many Broadway shows which, either because they had failed to make money or to make it to the screen, were virtually unknown over here – shows which "come from musical theatre at its richest, when it was still looking for new places to grow."

He initially approached, and immediately interested, the directors of the Theatre Museum, which he considered the ideal venue. They, in turn, were keen to publicise a building that, despite its rich artefacts, rare archives and prime position, had yet to establish an identity and popularity to equal the Museum of the Moving Image on the South Bank.

Charging a mere fraction of the usual £2000 a night hire fee, they effectively became co-producers – although Fisher himself had to take out a loan to buy chairs. But, when the *first season opened in spring* 1990, the labour of love became a sell-out success. Word of mouth spread as far as California, with musical enthusiasts besieging the box office for seats.

A second season was presented this summer, followed by a third, which is now drawing to a close. In all, nine musicals have so far been revived, and the seam remains rich, though not inexhaustible. Fisher calculates that there are about 60 shows which merit exhumation. "The object of the exercise is to look at the finest of writers, not just to dig up any*thing that failed*."

There is after all, no intrinsic merit in a flop; it is hard to believe that in 50 years time an Ian Marshall Fisher Jnr will be resurrecting *Children of Eden*, *Bernadette* or *King*. But the shows being ressurrected are different. They were written by the musical giants: librettists like Kaufman and Hart, Arthur Laurents and Sam Behrman, composers like Leonard Bernstein, Cole Porter and Jerome Kern, and lyricists like Yip Harburg, Stephen Sondheim and Irving Berlin.

In many cases the reasons for failure had little to do with the material itself. Cole Porter's *Out of This World*, which Fisher revived to great acclaim earlier this year, had the misfortune to follow his masterpiece, *Kiss Me Kate*, arousing impossible expectations. Not only was its finest song "From This Moment On" cut on the road, but it fell foul of the local *censors. Unusually, its cast* consisted of fully clothed women and near-naked men, prompting a wit to quip that "No one ever made a fortune catering to the tired businesswoman."

Similarly, *Greenwillow* disconcerted Frank Loesser's admirers with its bucolic background. Loesser, the supreme chronicler of city life with *Guys and Dolls*, and a man of whom it was said that "If he bought a house with green grass, he'd immediately have it paved", set *Greenwillow* in a mythical village. It is now best remembered for the song *"Never will I marry"* and Loesser's two-word telegram to the cast on closing night: "Oops sorry."

Fisher has given his audiences a chance to hear both those musicals, along with many others such as the Sondheim-Rodgers *Do I Hear a Waltz*, which the all-powerful New York matrons considered too bitter, the Joshua Logan-Harold Rome *Fanny* based on the Marcel Pagnol trilogy (too French) and the Jerome Moross-John Latouche *The Golden Apple* (too Greek . . .).

Enthusiasm abounds, but the economics is more risky. All the performers, apart from the musical director, give their services free. With the auditorium constantly filled to its 100 seat capacity, box office receipts just cover the cost of Museum overtime, audition and rehearsal rooms, copyright, publicity and the duplication of scripts.

The musicals are rebearsed for a four-week period and then performed in concert on five consecutive Sunday nights. Each is given with full dia*logue and underscoring*; so it is possible to hear the songs in character and, with the restoration of previously cut material, to judge the writers' intentions, often for the very first time.

The excitement for audiences is not simply in discovering a lost musical, but in rediscovering their own imaginations. Thelma Ruby, star of such West End shows as *Fiddler on the Roof* and *Cabaret* and Fisher's associate on *Allegro* and *Out of This World*, believes that it is an ideal presentation. "Nowadays it's so easy to get distracted by the set and effects that people come out and haven't even heard the music."

The question of an after-life for some of the musicals *remains open. Already the* Guildhall School have picked up *Out of This World*. Fisher is currently negotiating sponsorship for the transfer of the most suitable pieces to the Smithsonian Institute in Washington; while the BBC is considering a series of recordings.

But, despite the presence in the audience of the canny Cameron Mackintosh, this is by no means a glorified audition. The Sunday night timing has enabled Fisher to attract excellent casts of actor-singers from the West End, the National, the RSC and the ENO and the musical directors of *Into the Woods*, *Sunday in the Park with George* and *Metropolis*.

While there may be many good reasons why the shows themselves failed on their first outing, critic and musical historian Sheridan Morley believes that they all merit a second showing: "If you only ever revive hits, it's like a library which displays nothing but best-sellers. What's more, it brings to life the Theatre Museum, which has up till now been a very dead space."

Fisher is already planning *next year's season of five* shows, to run from May to October, which will again include work by Porter and Weill, as well as Rodgers and Hart, *Dorothy Fields* and Arthur Schwartz. Anyone wishing to receive advance information should write to him at 35 Clevedon Mansions, Lissenden Gardens, London NW5 1QP.

Meanwhile, if you long for a musical with no amplification, no helicopters, no roller skates, no designer poverty, hurry on down to the Theatre Museum in Covent Garden.

Radio

All change in Russia

LOCAL BBC and independent stations get coverage in the *Radio Times*: but no word for the World Service. For this you need *London Calling*. Yet the World Service began a six-part series this week, *The Re-Making of Russia*, that home-based listeners *might* well *want to* hear. It goes out on Fridays at 7.30 am, repeated at 12.15 and again at 7.30 pm.

True, this re-making goes on from day to day; the Slav commonwealth of Russia, Byelorussia and Ukraine wasn't even made for the first programme. But it is good to have closer information about the political atmosphere among *ordinary* people, and the producer, Stephen Dalziel, provided much interesting comment, not only from voices we know, such as Edvard Shevardnadze *and Anatoly Sobchak*, Mayor of St. Petersburg, but also from yet unfamiliar names.

Not Communism but Democracy is *discredited*, said one source; new élites arise seeking new privileges. Leaders like Yeltsin have power but don't know how to use it: the trouble is "not over sovereignty but suzerainty". Then there are *movements like* Pamyat ("Memory") that regress to the old traditions, the Russian Orthodox Church – and anti-Jewish feeling. Dalziel went to Kazan *in what may become* Tatarstan; there the Communist slogans are still displayed in case the changes change back. Local investment in industry is a mere two per cent, and the Soviet (or whatever) 98 per cent may need its dividend. Nationalist feeling is emotional, not real; the propor*tion of Russians to Tartars is* three to one. Next week's programme will deal with the economy. Worth finding.

The re-making of the Gospel *was attainable to all, on Radio* 4 on Thursday, *Christ – the Unauthorised Version*. There is growing interest in writings such as the Gospels of Thomas, Philip, Peter and Mary Magdalene, making a bigger divide between the "mystic", authorised by the Church, and the "gnostic", demanding deeper self-knowledge as the true course to God. The gnostic gospels contain passages of importance, written before the gospels we know. The Gospel of Philip says that "Jesus loved Mary Magdalene more than the other disciples, and kissed her *on the mouth often*," whereas Mary Magdalene is not a disciple for Matthew, Luke or John. In her own Gospel, she tells of the dance that preceded the *Last Supper*: "he that will not dance will not know what happens," Jesus said. The current broadening of religion, the friendship between cults, even beliefs, is in line with the gnostic gospels' broad thinking, that has not been passed down like the synoptic gospels, unchallenged since Paul. The sources of some quotations made were not given, which was a pity; and the incidental music was distracting.

On Wednesday, Radio 4's *Dragons, Archangels and the English* dealt with our interest in climbing up, and sliding down, the Alps. I happened to see a programme on BBC2 on Monday about the forthcoming Winter Olympics at Albertville, and the great damage they, *and other skiing functions*, do to the Alps. Perhaps skiing should be forbidden.

B.A. Young

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Regular readers of The Financial Times cannot fail to have noticed that Wednesday editions have been featuring some very famous faces in various strange positions. This is The Prince's Trust's LEAP campaign. The faces include those of Lord King, Anita Roddick, and Sir John Gielgud, and they have been photographed LEAPING in the air in celebration of achievement.

Their unusual contribution is intended to demonstrate the Trust's determination to show how all of us, given the right chance in life, have the potential to feel this way and to pass that success on to others. The resulting photographs are now in a special collection for 1992 - the ultimate LEAP Year calendar.

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THE PRINCE'S TRUST

ARTS

An expatriate grows up

William Packer admires the work of Paula Rego

TALES FROM *the National Gallery*, the exhibition now filling the Sunley Rooms of the National Gallery (until February 29: sponsored by English Estates), comes to London at the conclusion of a national tour. It gives us the paintings Paula Rego has made in her term as Associate Artist at the National Gallery, along with their preparatory life drawings and compositional studies. The bonus for London is that the large mural panels of her *Crivelli's Garden*, completed and installed in the restaurant of the new Sainsbury wing some time after that tour began, can now be seen in more or less direct relation to that working material.

Paula Rego is now in her mid-fifties. She is Portuguese by birth, but studied at the Slade and married an Englishmen, the late Victor Willing, like her a painter, with whom she returned from Portugal in 1975 to settle permanently in London. She stands thus in that long tradition of expatriate artists, from Holbein and Lely to Whistler to Freud, Auerbach and Kitaj, whom the British have been more than happy to claim as their own.

Her retrospective at the Serpentine in 1988 attested to a serious career and yet one unresolved in both direction and achievement. This was, however, only a case of a long maturing talent. Not every artist worth considering must needs burst upon us as a bright young star, and if Miss Rego is now indeed a star, it is her work only of these past ten years that confirms her so. Of all the artists in Britain who have in recent years at last received due recognition, she alone, by the sheer speed of her ascent to present eminence, has made the 1980s her own, the British painter of the decade.

Associate Artist at the National Gallery, which post Miss Rego is the first to fill, is an appointment by invitation rather than open application, which distinguishes it from the artist's residency it now replaces. Its whole point is the privileged access to the collections and the opportunity to work directly from them. The use to which Miss Rego has put it is remarkable.

She is a narrative painter, whose imagery has become ever more fraught with sexual and psychological implication, the more tense and intriguing for being implicit and unspoken. We think at once of the work of Balthus, or Stanley Spencer. Hitherto her subjects have been drawn from fairy tales, moralities and childhood recollections, at once innocent and disturbing, the natural devilry of children never far beneath the surface.

What the National Gallery has given her is the imaginative example of how to cope with even an ostensibly domestic theme on the grand scale. Artists bring to the great art of the past a critical intelligence no less profound than that of the scholar or historian, but at once more practical and intuitive: the inclination not only to say: "How interesting", but also: "I can make use of that." In Miss Rego's case, looking at art from the Renaissance to the Rococo and the Romantic, the effect has been to pack reference ever more densely, layer upon layer, to art within art. The painting on the wall, the screen across the back of the room, the figure on the canvas on which the artist shows herself at work, the device of shifts of scale and focus through the narrative, all tease us with the idea of the continuum of art in the great tradition, back and forth, past and present, old and new.

But the reference of itself is not the whole work. In the related drawings and studies we see that in Miss Rego we have a figurative artist of the highest technical accomplishment, yet eminently practical and unaffected. In particular her studies from life set a methodical example that sadly few artists under 50 now have either the manual skill or formal wit to follow. Strong, simple, full of life and intuitive humane sympathy and understanding, they are drawings as fine as one could wish to see. The National Gallery is indeed their proper home.

'Joseph's Dream' by Paula Rego in the Sunley Rooms of the National Gallery

Poetry in performance

A touch of the Oirish

THREE Northern Irish poets assembled at the South Bank this week to celebrate the publication of the remarkable *Field Day Anthology of Irish Writing*, a massive, three-volume work that encompasses 15 centuries of human utterance. And utterance is the appropriate word for it because much that we find in these books still has the freshness, the urgency, the rudeness of human speech.

Until now the Field Day Company of Derry has been known as a group of playwrights, actors, poets, and its annual premieres of new plays by the likes of Brian Friel have attracted international attention. Now it has turned book publisher.

The three poets that read, Seamus Heaney, Tom Paulin and Seamus Deane, are all directors of Field Day, and they have all contributed to these books to a greater or lesser degree: Deane as their general editor, Heaney writing on Yeats and being represented as a poet in his own right; and Paulin, who reflects upon the tradition of northern Protestant oratory.

Tom Paulin is a poet whose performances never fail to excite and alarm. He is a thin, tenuous man whose whole body seems to be forever tortured by his intellect. When seated, he is apt to lean so far forward that his frame is almost transformed into the physical representation of a question mark, and when he observes others reading – on this occasion it was Seamus Heaney – his eyes tend to boggle and his hands to wring in his lap.

When standing at the lectern, he tends to hesitate a great deal before explaining what it is that he has to say, and when it comes out, replete with ums, ahs, stammers and stutters, we feel that it might have been said in an entirely different way altogether or that something else might have come out, equally appropriate or not as the case may be.

But when he comes to read from the anthology poems and prose, all procrastination and self doubt cease. He rushes marvellously at his words in a high, weaving northern Irish voice where almost every line seems to end with a rhetorical question and best of all was his reading of Yeats' chilly poem, *The Cold Heaven*. He positively drove the words out of his mouth as if they were expected to leap out, yelping like a pack of poor, beaten curs.

And the way that Heaney listened to *him* could scarcely have been more different: head tilted upwards, eyes closed, he seemed to be savouring the words and their music through his broad, dilated nostrils.

Unfortunately, it was not vintage Heaney we heard this evening. Could this be something to do with the fact that, as he told us, the editors had "only just taken delivery" of their three massive volumes and had not had much of an opportunity to practise reading their chosen extracts out loud? Or perhaps it was the simple fact that he was reading someone else's work?

His voice seemed to come alive only when he read an extract from *The Parson's Revels*, a burlesque written by the poet William Duncan in the 18th century, in the course of which Heaney was obliged to imitate a stage Irishman who had been given broad, thick-witted Oirish speech by the poem's author. Heaney seemed to revel in this broad humour, growling out the words, his big jaws working, face alight beneath that soft grey thatch of hair with the rollicking humour of it all.

Seamus Deane's reading was stuffed to the gills with fascinating historical information relating to the rise, decline and fall of the many civilisations of Ireland. Unfortunately, the impact of his words was much reduced by his academic reserve – that refusal ever to meet the eye of the audience and give it a warm, companionable, almost conspiratorial smile of the kind that Heaney is ready to bless us with at every end and turn.

The Field Day Anthology of Irish Writing is distributed by Faber & Faber and costs only £150.

Michael Glover

Not crackers about the dance

Alastair Macaulay explains why Wright is wrong

A GREAT sadness overcomes me as I contemplate the 19th-century ballet classics as they are seen in Britain today. They have become twee and pretty. The astonishing beauty and radiant power that once made them disturbing and thrilling have gone. This is partly because Britain is no longer a haven of classical dancing. It is also, however, the fault of ballet producers.

If there is one name I attach to the superficiality that now cloaks these old ballets, it is that of Peter Wright. (Balletcatcher, not Spycatcher.) The era in which he has been staging classics for both branches of the Royal Ballet – since the late 1960s – has been, not coincidentally the era in which the Royal Ballet has lost its reputation as the leading Western interpreter of the old repertory.

Today, the Royal at Covent Garden dances his *Nutcracker* and *Giselle*. And the Birmingham Royal (which he also directs) dances his *Coppelia*, *Swan Lake*, *Sleeping Beauty* and (in different versions) his *Nutcracker* and *Giselle*. What a monopoly! And yet every one of them is trivial. The best? The Covent Garden *Nutcracker*, for there he allows the original 1892 scenario to make some headway alongside the great score. The worst? The Birmingham *Nutcracker*, which he staged last year; I have just seen it, for the first and second time, at the Hippodrome.

The worst of Wright's numerous crimes here are the result of his notorious unmusicality. He cuts and re-orders Tchaikovsky's music (to especially gross effect in Act II); he sets dances (most flagrantly in the great transformation music of Act I) to non-dance music; and he sets the wrong kind of dances to dance music (as in the male-female classical ensemble he sets to the March in the Act I party). There is more. Wright's own new dances are badly over-choreographed tissues of stale steps.

They show off technique without expressing any serious notion of style. (The big Snowflake and Flower Waltzes, one in each act, exemplify this.)

In Wright's hands, the old ballets are above all Story-Telling, and this is surely why the British, who adore a good yarn in the theatre, have been extravagantly indulgent of his tinkerings. So what if he re-orders the scores, violates classical structure and adds his own tawdry dances – he keeps the action moving, doesn't he? Doesn't he keep ballet a theatre art? Yes, but not good theatre. The stories that Wright tacks on around the old scenarios are lively but they are also trivial. Sometimes, moreover, they are confusing.

I can commend several incidental aspects of this staging: in particular, some clever costumes and scenic effects. But I love these old ballets and can never forget how potent a spell they have cast on me elsewhere and, in other days, here: a spell that reached its deepest and broadest in dancing.

The Birmingham Royal's strong suit, however, is not serious ballet style but vivacity. This is a quality I find resistible when it is allied to consistently uninteresting phrasing. And so I desponded through two performances on Thursday, consoled only by Barry Wordsworth's handsome accounts of poor Tchaikovsky's misunderstood score.

Until, at each performance, the Sugar Plum Fairy entered, late in the proceedings. Britain has few true ballerinas, but I managed to see two in a day. Each one lifted my spirits from gloom to joy in a jiffy. The matinee ballerina was Marion Tait, the evening's was Darcey Bussell. Two more dissimilar dancers would be hard to imagine. Bussell is tall, powerful and sweet; she has been dancing so many great roles recently that I will soon return to her at greater length. Tait is petite, flawed and noble. Scores of dancers have feet and turn-out superior to hers. But no one else has a waist or neck so radiant. Style shines through her from the centre; and she knows – how rare this is – how to make brilliant choreography lyrical.

A mezzo for all seasons

IN THE range of what she wants to do Anne Sofie von Otter is starting to look like a mezzo for all seasons. At her recital on Thursday at the Queen Elizabeth Hall this young Swedish singer drew the sort of audience that applauds enthusiastically after each song rather than sitting in respectful silence until the end of the group.

It seems to me that Von Otter is a success story related to present trends in performance. Early in her career she was seized upon by record companies eager to capitalise on her versatility. With her well-produced, slimline mezzo, she fits comfortably with the period instrument school, as in some of Gardiner's recent recordings; while she can also produce enough volume without forcing to encompass operatic roles like Strauss's Oktavian.

That she still wants to sing recitals is good news. But then one cannot help feeling that with Von Otter the intelligence leads the voice rather than vice versa. There is no question of her hoping that a lot of personality and a few favourite songs will see her through on the recital platform. In the manner of the best young artists, she arrives scrupulously prepared, armed with the scores of some fairly recherche material, and able to introduce the songs in some detail beforehand.

In these bouts of story-telling there was not a lot of wit or affection, however, and the same qualities tended to be missing when she turned to the music. This singer prefers to act as a guide to the songs' beauties, pointing out dramatic possibilities in her Berlioz group and the deeper warmth of the Brahms, with cellist Mats Lidström and pianist Bengt Forsberg, as she passes by. The surface poise of Debussy's *Chansons de Bilitis* was nicely caught, but not their underlying sensuality, of which her cool Scandinavian readings remained innocent.

A group of Korngold songs introduced some interesting, little-known repertoire. The best of them, "Sterbelied", a deeply nostalgic piece typical of the dying days of romanticism, suffered from a loss of body in the quiet singing, a problem that recurred from time to time throughout the evening. But when the voice sang out, as in "Du reine Frau", the results were impressive without exception – marvellously steady, no excess fat on the sound, no wobble.

Best of all, I enjoyed Mahler's *Lieder eines fahrenden Gesellen*. The singer's many strengths came together: the youthful clarity of the voice, the keenness of the intelligence, and Forsberg played the accompaniments as if they were real piano parts, not just a sketch for the later orchestral version. Von Otter takes her song recitals seriously and so long as she sings as well as she did here, so must we.

Richard Fairman

Records

Pavarotti's Otello

Verdi: Otello. Te Kanawa, Pavarotti, Nucci, Chicago Symphony Orch/Solti. Decca 433 669-2 (2 CDs)

Rattle conducts Britten. City of Birmingham *Symphony* Orch/Rattle. EMI 7 54270-2 (2 CDs)

Massenet: Don Quichotte. Crespin, Bacquier, Ghiaurov, Orchestre de la Suisse Romande/Kord. Decca 430 636-2 (2 CDs)

THE PREMIERE in Milan drew the press from all over Europe. For the first British performance, at the Lyceum Theatre in Covent Garden, a certain other opera-house just up the road closed for the night. Verdi's *Otello* can be an event like no other opera and it is easy to see how the concert performances in Chicago earlier this year caused such a lot of excitement.

As anybody even vaguely interested in opera must be aware by now, the occasion was Luciano Pavarotti's first appearances in the title-role and, simultaneously, the last appearances by Georg Solti as music director of the Chicago Symphony Orchestra after 22 years. The world's press was certainly there. There were two sold-out performances in Chicago, a further two in New York, and this new *Otello* recording is taken from the best of them.

There is something ironic about the thought of Pavarotti standing there waving his big white handkerchief in this of all operas, where a handkerchief serves as the crucial item of evidence for the prosecution. On record, however, we do not have to look at him. And hearing Pavarotti remains an enormous pleasure.

A tenor who can sing Otello will always be worth his weight in gold. An Italian one is worth double: Tamagno, Zenatello, Martinelli, Del Monaco, and now Pavarotti. He does not, of course, have his predecessors' power, but even within a few years of the opera's premiere the first singer of Iago, Victor Maurel, was remarking that ear-splitting volume was not necessary to sing the role with success. Pavarotti brings to it an unfailing beauty of tone and phrasing, while his singing of the Italian language is the glory of the whole performance. Even a simple line like "Oh! mostruosa colpa!" takes on a world of meaning. Double Pavarotti's weight sounds like a lot of gold, I hear you say. But when he sings like this, he is worth every ounce.

The other two principals on the set are worthy colleagues, without being strong individuals in their own right. Verdi felt that the best Desdemona would always be the one who sang most beautifully and, while Kiri Te Kanawa cannot lay claim to that honour as she might have done at Covent Garden in the 1970s, she is never less than appealing and makes a good showing in the Willow Song. Leo Nucci tries too hard as Iago. There is personality, but at the expense of line and vocal control. When every remark is pumped full of emphasis, none is left with any distinction.

As for Solti himself, the conductor runs true to form even at this late stage of his career. His is a physical *Otello*, as compared with those of the opera's intellectual Teutonic interpreters. The storm music at the start is elemental; the drinking chorus and the fight which ensues make one want to jump up from one's seat and join in, conducting with an imaginary baton in the air, which is always a good sign with any *Otello*. The Chicago Symphony Orchestra and Chorus perform for their long-time master with commendable spirit and accuracy. But there is something missing.

After two hearings of the set it seems to me that it lacks specific insight, that ability to seize on a certain orchestral colour or rhythm or harmony which communicates the essence of what Verdi wants to say. Toscanini's recording, soon to be re-issued, had it, so that is still the place to go for a great *Otello*. From this one I shall cherish a true Italian tenor at the peak of his prowess.

Finally, a pair of recommendable re-issues. Simon Rattle has been working through some of the lesser-performed works by Britten for about ten years or so and EMI has had the good idea of bringing his recordings together into a two-CD set. Although even the Britten admirer may feel that some of these pieces find the composer sewing together music with the barest thread of inspiration, there are discoveries to be made. Jill Gomez is the soprano in the delectable *Quatre Chansons françaises*, late pickings from the impressionist table, and Peter Donohoe the strong soloist in the *Diversions for piano and orchestra*. There is also the advantage that you are unlikely to have many of these works in your collection already.

The Massenet set is a personal favourite. Just like Britten in later life, Massenet had the ability to create long and complex works from the barest musical material. The opera *Don Quichotte*, written when the composer was in his late 60s, is probably the most eloquent product of that expertise. When one looks at the score, it seems as though there is hardly any music in it, and yet in performance the wily old master has produced an opera from a wondrous world of its own, half-real, half-dream, where chivalry lives out its last noble day. Nicolai Ghiaurov is the eccentric idealist, Don Quixote. Régine Crespin and Gabriel Bacquier, as Dulcinée and Sancho Panza, are simply two of the great French singers captured at their most treasurable. As Quixote says: a veritable "île des rêves!".

Richard Fairman

Chess No 901:
1 g4+! wins after Qxg4+ 2 Qxg4+ Kxg4 3 Rxb7 or Ke5 2 Rc5+ Kd6 3 Qf8+ Kd7 4 Qf7+. Filip played 1 Qxh7+? Kg4 2 Rxb7 Kh3 with unavoidable mate. 2 Qg8+ Kh3 3 Qxe6+ f5 also loses. Score credit for 1 Rxb7 Qxb7 2 e4+! with some winning chances.

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Tube: Covent Garden Prices: £5-£17.50 T 0836.430915

DUKE OF YORK'S, St Martin's La. Tel 071.836.5122
Noel and Gertie Until January 25
Tube: Leicester Sq. Prices: £8.50-£17.50 T 0836.430914

FORTUNE, Russell St. Tel 071.836.2238
The Woman in Black
Tube: Covent Garden Prices: £7-£18 T 0836.430917

FORTUNE, Russell St. Tel 071.836.2238
Bertie Badger's Christmas Adventure
From Dec 17 Tube: Covent Garden Prices: £8.50-£9.50

GARRICK, Charing Cross Rd. Tel 071.494.5085
Dancing at Lughnasa From December 19
Tube: Leicester Sq. Prices: £10.50-£19 T 0836.430918

GLOBE, Shaftesbury Ave. Tel 071.494.5065
When She Danced Until December 21
Tube: Piccadilly Circ. Prices: £7.50-£19.50 T 0836.430919

GLOBE, Shaftesbury Ave. Tel 071.494.5065
Sophisticated Ladies From December 28
Tube: Piccadilly Circ. Prices: £6-£23.50

HAYMARKET, Haymarket. Tel 071.930.9800
Becket
Tube: Piccadilly Circ. Prices: £7-£15 T 0836.430920

HER MAJESTY'S, Haymarket. Tel 071.494.5400
The Phantom of the Opera
Tube: Piccadilly Circus Prices: £8.75-£28 T 0836.430921

LONDON PALLADIUM, Argyll St. Tel 071.494.5020
Joseph and the Amazing Technicolor Dreamcoat
Tube: Oxford Circus Prices: £8.50-£27.50 T 0836.430922

LYRIC, Shaftesbury Ave. Tel 071.494.5045
Five Guys Named Moe
Tube: Piccadilly Circus Prices: £8-£25.50 T 0836.430923

NEW LONDON, Drury Lane. Tel 071-405 0072/404 4079
Cats
Tube: Holborn Prices: £10.50-£25.50 T 0836.430929

NATIONAL THEATRE, South Bank. Tel 071.928.2252
Olivier: THE WIND IN THE WILLOWS THE RESISTIBLE RISE OF ARTURO UI
Prices: £9-£18 T 0836.430926
Lyttelton: THE SEA THE MADNESS OF GEORGE III
Prices: £9-£18 T 0836.430927
Cottesloe: THE LITTLE CLAY CART BLOOD WEDDING
Prices: £11 T 0836.430928 Tube: Waterloo

OLD VIC, Waterloo Road. Tel 071.928.7616
Carmen Jones
Tube: Waterloo Prices: £10-£30 T 0836.430930

PALACE, Shaftesbury Avenue. Tel 071.434.0909
Les Misérables
Tube: Leicester Sq. Prices: £5.50-£27.50 T 0836.430932

PHOENIX, Charing Cross Road. Tel 071.867.1044
Blood Brothers
Tube: Leicester Square Prices: £8.50-£22 T 0836.430933

PICCADILLY, Denman St. Tel 071.867.1118
Jack and the Beanstalk
Tube: Piccadilly Circ. Prices: £8-£20 T 0836.430934

PLAYHOUSE, Northumberland Avenue. Tel 071.839.4401
Tartuffe Until January 11
Tube: Embankment Prices: £5-£18.50 T 0836.430935

PRINCE OF WALES, Coventry Street. Tel 071.839.5972
Aspects of Love
Tube: Piccadilly Circ. Prices: £10-£28 T 0836.430937

ROYAL COURT, Sloane Square. Tel 071.730.1745/2554
Death and the Maiden Until Dec 21
Tube: Sloane Square Prices: £5-£15 T 0836.430939

ROYAL OPERA HOUSE, Covent Gdn. Tel 071.240.1066
Royal Opera: MITRIDATE, RE DI PONTO LE NOZZE DI FIGARO
Royal Ballet: LA FILLE MAL GARDEE THE NUTCRACKER
Tube: Covent Garden T 0836.430911

ROYAL SHAKESPEARE CO. Tel 071.638.8891
Barbican: THE STRANGE CASE OF DR JECKYLL AND MR HYDE/MUCH ADO ABOUT NOTHING
Prices: £6.50-£19 T 0836.430906
Pit: THE BRIGHT AND BOLD DESIGN TROILUS AND CRESSIDA
Prices: £12.50, £10.50 T 0836.430907 Tube: Barbican

SADLER'S WELLS, Rosebery Ave. Tel 071.278.8916
London City Ballet: SWAN LAKE
Prices: £5-£28.50 Tube: Angel T 0836.430941

ST MARTIN'S, West Street. Tel 071.836.1443
The Mousetrap
Tube: Leicester Sq. Prices: £7.50-£15 T 0836.430944

SHAFTESBURY, Shaftesbury Ave. Tel 071.379.5399
Phantom of the Opera
Tube: Tottenham Crt Rd. Prices: £5-£20 T 0836.430945

STRAND, Aldwych. Tel 071.240.0300
The Revengers' Comedies
Tube: Covent Garden Prices: £10-£20 T 0836.430945

VAUDEVILLE, The Strand. Tel 071.836.9987
A Swell Party
Tube: Charing Cross Prices: £12.50-£19.50 T 0836.430946

VICTORIA PALACE, Victoria Street. Tel 071.834.1317
Buddy
Tube: Victoria Prices: £7-£19 T 0836.430947

WHITEHALL, Whitehall. Tel 071.867.1119
A Tribute to the Blues Brothers
Tube: Charing Cross Prices: £8.50-£17.50 T 0836.430949

WYNDHAM'S, Charing Cross Rd. Tel 071.867.1116
The Ride Down Mt. Morgan
Tube: Leicester Square Prices: £9-£20 T 0836.430950

Telephone nos in brackets: Fee will be charged when making a credit card telephone booking

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Tallis Chamber Choir, Finchley Children's Music Group
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TELEVISION

SATURDAY

BBC1

7.25 News. 7.30 Ovide. 7.40 Opposites Attract. 7.50 The Jetsons. 8.15 Chuckdevision. 8.35 Dungeons and Dragons. 9.00 Going Live!

12.12 Weather.

12.15 Grandstand Introduced by Steve Rider. Including 12.20 Boxing: George Foreman v Jimmy Ellis in Reno, Nevada. 12.45 Racing from Ascot: The HSS Hire Shops Hurdle. 1.00 News. 1.05 Football: Review of the week's football including Liverpool's UEFA Cup tie. 1.15 Racing: The Youngmans Long Walk Hurdle. 1.30 Football: Review continued. 1.50 Racing: The SGB Handicap Chase. 2.05 Skiing: The Men's Downhill Championship from Italy. 2.30 Swimming: The National Championships from Barnet. 3.15 Tennis: Semi-finals of The Grand Slam Cup from Munich. 3.50 Football Half-Times. 4.00 Tennis: Coverage continued. 4.35 Final Score. Times may vary.

5.00 News.

5.10 Regional News and Sport.

5.15 Barney Bear.

5.25 One to Win.

5.55 Noel's House Party.

6.45 Bruce Forsyth's Generation Game.

7.45 Film: Every Which Way But Loose. Trucker and prize fighter Philo Beddoe lends money to an attractive country and western singer. When she disappears, he sets off in hot pursuit, accompanied by his best friend – an orang-utan called Clyde. Comic road movie starring Clint Eastwood and Sondra Locke (1978).

9.35 News and Sport; Weather.

9.55 Film: Escape from Alcatraz. True story of convict Frank Morris, who is transferred to Alcatraz, from which no-one has ever broken free alive. Morris is determined to escape from the world's highest security prison. Starring Clint Eastwood and Patrick McGoohan (1979).

11.45 Film: Impulse. After an earthquake, a small farming community is menaced by a mysterious subterranean substance which forces them to self-destruction. Tense thriller starring Tim Matheson and Meg Tilly (1984).

1.10 Weather.

1.15 Close.

BBC2

9.00 Film: Johnny Tiger. 10.40 The Sky at Night. 11.00 Arthur Negus Enjoys. 11.15 The Spirit of Asia. 12.15 pm Film: Topper Returns.

1.40 A Carol from Ely.

1.45 Heirs and Graces. Lady Victoria Leatham visits Newby Hall near Ripon.

2.15 Network East. Star of the Hindi screen, Amitabh Bachcan, talks about his life.

2.45 Mahabharat. (English subtitles).

3.25 Film: Ride Clear of Diablo. A young man becomes a deputy sheriff to seek vengeance for the murder of his father and brother. Western adventure starring Audie Murphy and Dan Duryea (1954).

4.40 Tennis: The Grand Slam Cup. The first men's semi-final from the Olympiahalle, Munich. Commentary by Dan Maskell.

6.15 Play Bridge with Zia. Zia Mahmood interviews his old tournament partner, Omar Sharif. Last in the series.

6.45 Late Again.

7.30 News and Sport; Weather.

7.45 Mrs Warren's Profession. Stage production of George Bernard Shaw's tale by the Glasgow Citizen's Theatre. Starring Ann Mitchell.

9.10 Moving Pictures. The work of the Thomas family of film-makers, from the early Doctor films, through the Carry On movies, to Jeremy Thomas, producer of tonight's film Eureka.

10.00 Film: Eureka. A Klondike gold prospector strikes it rich and retires to a Caribbean Island. When the Mafia offers to set up a casino on the island he declines, but soon learns the cost of his refusal. Drama based on a true story starring Gene Hackman and Theresa Russell (1981).

12.05 Def II: Dance Energy.

12.45 Close.

LWT

6.00 TV Am. 9.25 Motormouth. 11.30 The ITV Chart Show. 12.30 pm The Munsters Today.

1.00 ITN News; Weather.

1.05 LWT News; Weather.

1.10 Saint and Greavsie. Featuring the best of the Football League action, including a preview of tomorrow's clash between Chelsea and Manchester United. Also midweek European highlights.

1.55 The Day.

2.00 Cobblestones, Cottages and Castles. Eccentric buildings and strange structures to be found in the South West countryside.

2.25 World Matchplay Snooker. Nick Owen keeps us in touch with the progress on the second day of the 35-frame final from The Dome, Doncaster.

4.45 Results Service.

5.00 ITN News; Weather.

5.05 LWT News; Weather.

5.15 10 Sharp! Presented by Pat Sharp.

5.25 Catchphrase.

5.55 Baywatch. Mitch reluctantly attends his high school reunion, knowing that he will have to face his ex-wife and a host of questions about their break-up.

6.50 It'll Be Alright on the Night 5. Another collection of the latest slips and blunders by favourite television stars.

7.50 Further Up Pompeii. Comedy special, starring Frankie Howerd as Lurcio.

8.40 ITN News; Weather.

8.55 LWT Weather.

9.00 Film: Jekyll and Hyde. Adaptation of Robert Louis Stevenson's classic tale of horror, starring Michael Caine as the doctor who turns himself into the murderous Mr Hyde. Cheryl Ladd and Joss Ackland also star (1990).

10.55 Metro. New series. A behind-the-scenes look at London's West End with Ian Drury.

11.55 World Matchplay Snooker. As a week of snooker draws to a close, the frames are played for the title of World Matchplay Champion. Nick Owen introduces this tense session.

12.45 Tour of Duty.

1.40 Get Stuffed Christmas Special.; ITN News Headlines.

1.45 Video Music Awards 1991.

3.30 Get Stuffed Christmas Special.; ITN News Headlines.

3.35 American College Football 1991.

4.35 The Hit Man and Her.

CHANNEL4

6.00 Early Morning. 9.30 Same Difference. 10.00 Travelog. 10.30 Wagon Train. 11.30 Tony Jacklin's Pro-Celebrity Golf Challenge. 12.30 pm American Football - Red 42.

1.00 Film: Call Northside 777. A woman fights to prove her son's innocence when he is charged with murder. Crime thriller starring James Stewart (1948).

3.05 Four-Mations: Computer Visions.

4.15 Tin Toys, Knick Knacks and Algorithms. Animation created by John Lassiter, the world's leading computer animator.

4.45 Don Quichotte. Francois Garnier's animated version of Don Quixote's battle against the windmills, using state-of-the-art software.

4.50 The Making of Don Quichotte.

5.05 Brookside.

6.30 News Summary and Weather; Right to Reply.

7.00 South. From Brazil, an exposé of media methods by means of a portrait of one woman's mundane life, and a South report on Haiti's fragile future which examines the situation after the fall of the country's democratic leader. Last in the series.

8.00 Paul McCartney's Liverpool Oratorio. Paul McCartney introduces the premiere performance of his first full-length work of classical music. With Dame Kiri Te Kanawa as the leading soloist and Sally Burgess, Jerry Hadley and Willard White.

10.00 Four-Mations: The Orchestra. Zbig Rybczynski uses computer technology to give six pieces of classical music the rock video treatment.

11.10 Zbig Conducts the Orchestra.

11.40 Film: Four Adventures of Reinette and Mirabelle. A student of ethnology at the Sorbonne and an art student experience four adventures which have them dealing with an obnoxious waiter and a kleptomaniac. French comedy starring Joelle Miquel and Jessica Forde. Continuing the Mondo Cinema season (1986).(English subtitles).

1.30 The Oprah Winfrey Show.

2.20 American Football - Red 42.

2.50 The Word.

3.45 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-ANGLIA:
12.30 Motorsport. 1.05 Anglia News. 1.55 The Spectacular World of Guinness Records. 5.05 Anglia News and Sport 5.15 Warner Cartoon Time. 8.55 Regional Weather. 10.55 World Matchplay Snooker.

BORDER:
1.05 Border News. 1.55 The Spectacular World of Guinness Records. 4.45 Results Service. 5.05 Border News and Weather 5.15 Cartoon Time. 10.55 World Matchplay Snooker.

CENTRAL:
12.30 The Twilight Zone. 1.05 Central News 1.55 The World of Women's Tennis. 5.05 Central News 5.10 Central Sports Special. 8.55 Local Weather. 10.55 World Matchplay Snooker.

CHANNEL:
12.30 Blockbusters. 1.05 Diary Dates. 1.55 The Spectacular World of Guinness Records. 5.05 Channel News. 5.10 Puffins Pla(i)ce. 5.15 Cartoon. 10.55 World Matchplay Snooker.

GRAMPIAN:
12.30 Beathaichean Neontach. 1.05 Grampian Headlines 1.55 Beachd. 4.45 Scotsport Results. 5.05 Grampian Headlines 5.10 Criomagan. 5.15 Put it in Writing. 8.55 Grampian Weather.

GRANADA:
11.30 Peppino. 12.00 The ITV Chart Show. 1.05 Granada News 1.55 The Spectacular World of Guinness Records. 5.05 Granada News 5.10 Granada Goals Extra. 10.55 The Granada Match. 11.55 World Matchplay Snooker.

HTV:
1.05 HTV News 1.55 The Life and Times of Grizzly Adams. 5.05 HTV News and Sport

HTV Wales as HTV except:
5.20 Cartoontime.

SCOTTISH:
12.30 Dinosaurs. 1.05 Scotland Today. 1.55 Taxi. 4.45 Scotsport Results. 5.05 Scotland Today. 5.15 Cartoon Time. 8.55 Scottish Weather.

TSW:
12.30 The South West Week. 1.05 TSW News. 1.55 The Spectacular World of Guinness Records. 5.05 TSW News and Sport 5.15 Gus Honeybun's Cartoontime. 8.55 TSW Weather.

TVS:
12.30 Blockbusters. 1.05 TVS News. 1.55 The Spectacular World of Guinness Records. 5.05 TVS News and Sport

TYNE TEES:
12.30 The Riverside. 1.05 Regional News. 5.05 Northern Life Sport Special.

ULSTER:
12.30 Dinosaurs. 1.05 Ulster Newstime 1.55 Superstars of Wrestling. 5.10 Ulster News and Sport 8.55 Ulster Newstime 10.55 The Granada Match. 11.55 World Matchplay Snooker.

YORKSHIRE:
12.30 Katts and Dog. 1.05 Calendar News. 1.55 Soccer in the Seventies. 5.05 Calendar News. 5.15 Cartoon Time. 8.55 Local Weather.

S4C Wales as Channel 4 except:-
9.30 Jeifin. 10.00 The Time Tunnel. 11.00 A Brush with Art. 11.30 Same Difference. 12.00 Travelog. 6.30 Free for All. 7.00 Newyddion Nos Sadwrn. 7.25 Bacha Hi O 'Ma. 8.10 Margaret Williams. 8.45 Desmond's. 9.15 Quizbowl. 9.45 Tocyn Tymor. 10.25 Attack. (1956)

SUNDAY

BBC1

8.40 Turning Japanese. 9.10 News. 9.15 The Promise of His Glory. 10.00 See Hear! - Christmas Special. 11.00 Into Print. 11.30 Skillshop.

12.00 Through the Looking Glass.

12.30 Country File. Teaming up with Radio One for the Big Green One, a scheme designed to recognise individuals and groups who are doing something to improve their environment.

12.55 Weather for Farmers.

1.00 News; On the Record.

2.00 EastEnders.

3.00 Film: North Sea Hijack. When a gang of ruthless hijackers mounts a plot to occupy a North Sea oil rig, the British Government has to act fast, and one man is summoned for the most dangerous mission of his life. Starring Roger Moore and James Mason (1980).

4.35 Biteback.

5.15 The Clothes Show.

5.45 Merlin of the Crystal Cave.

6.15 Lifeline.

6.25 News.

6.40 Songs of Praise. A Victorian Christmas celebration from Brighton with Pam Rhodes.

7.15 You Rang, M'Lord?

8.05 The 1991 Sports Review of the Year. Desmond Lynam and Steve Rider recall the action, drama and excitement from a year of national and international sporting endeavour, live from the Queen Elizabeth II Conference Centre in London.

9.50 News and Weather.

10.05 Everyman. The remarkable story of two lovers torn apart by the warring factions in Yugoslavia.

10.45 Dear John: USA. With Judd Hirsch.

11.10 Birthrights. Muslim artists, academics and the people of Bradford reflect on Salman Rushdie's book The Satanic Verses. Last in the series.

11.40 Mahabharat. (English subtitles).

12.20 Weather.

12.25 Close.

BBC2

7.25 But First This On Two; Tales of a Wise King and the Devil.
7.30 Hallo Spencer.
7.55 Playdays.
8.15 Bitsa.
8.30 Telling Tales.
8.45 Babar.
9.10 Blood and Honey.
9.30 Defenders of the Earth.
9.50 Blue Peter Omnibus.
10.40 Dark Season.
11.05 Boxpops. 11.45 The O-Zone.
12.00 Around Westminster.
12.30 pm Film 91 with Barry Norman.

1.00 Tennis. Final of The Grand Slam Cup live from Munich's Olympiahalle.

4.30 Ski Sunday. The second men's downhill of the season from Val Gardena in the Italian Dolomites.

5.05 Rugby Special. The Rugby League continues with the best action from the First Division.

6.05 Travel Show Guides. Penny Junor explores south-west France. Last in the series.

6.35 The Money Programme. Janet Bush examines British industry to discover whether it can compete successfully with companies abroad.

7.15 The Natural World. Brazilian deforestation and its threat to rare species of animals.

8.05 The Dream Machine. Computer networks and the threat of misplaced technology. Last in the series.

8.55 Did You See?

9.35 My Folks.

10.05 Film: Shag. A high school graduate is about to marry a tobacco heir, when her three girlfriends decide to take her on a last fling.
Romantic comedy premiere starring Phoebe Cates and Bridget Fonda (1989).

11.40 Ten Commandments. (English subtitles).

12.40 Def II: Rapido.

1.15 Close.

LWT

6.00 TV Am. 9.25 Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 Encounter. 12.30 pm LWT News Weekend. 12.55 LWT Weather.

1.00 ITN News; Weather.

1.10 Special Inquiry. Donald MacCormick examines the long-term prospects for the British economy. Despite claims that Britain is emerging from recession, the programme argues that the British economy now has a new Achilles' heel: its dependence on Japanese investment; The Day.

2.15 Batman.

2.45 The Match. Chelsea v Manchester United at Stamford Bridge. Also the weekend's best goals.

5.00 Bullseye.

5.30 Dinosaurs.

6.00 Animal Country.

6.30 ITN News; Weather.

6.35 LWT News; Weather.

6.40 Highway. Sir Harry Secombe visits Barbados as it celebrates 25 years of independence.

7.15 Heroes II - The Return. Nathaniel Parker stars in the real-life tale of a raid during the Second World War on Singapore Harbour. It is concluded tomorrow at 8.00pm.

9.10 Red Fox. When a top defence executive is kidnapped, Archie Carpenter (John Hurt) is assigned to investigate, and unwittingly lights the fuse of a political time-bomb. A contemporary tale of terrorism and political intrigue with Jane Birkin.

10.15 Spitting Image.

10.45 ITN News; Weather.

11.00 LWT Weather; The Day.

11.10 London Lecture. New series. The Rt Hon Michael Heseltine MP, Secretary of State for the Environment, addresses The Future of London. In recent years the question of London's prospects, as Britain advances into tighter integration with Europe, has moved ever higher up the political agenda.

11.50 Cue the Music. ITN News Headlines.

12.50 Golf - PGA Tour '91.

1.40 Film: Schimanski: Moltke. Schimanski tries to prevent an ex-prisoner from murdering the man who killed his brother during a bank raid. Crime thriller starring Gotz George and Eberhard Feik; ITN News Headlines.

3.30 Woody Allen: Mr Manhattan.

4.35 Police Precinct.

CHANNEL4

6.00 Early Morning. 9.25 The Sword of Tipu Sultan.(English subtitles). 10.00 A Week in Politics - Second Reading. 10.50 Dennis. 11.10 Round the Bend. 11.30 The Lone Ranger. 12.00 Little House on the Prairie.

1.00 Voyage to the Bottom of the Sea.

2.00 Film: Sinbad and the Eye of the Tiger. Princess Farah enlists Sinbad to help free her brother from an evil spell. Starring Jane Seymour and Patrick Wayne. Continuing the Four-Mations season (1977).

4.05 Four-Mations: Big World Animators. Special effects wizard Ray Harryhausen tells of his early career.

4.20 Steps. Computer animation continuing the Four-Mations season.

4.50 Snail's Pace.

4.55 News Summary; Weather.

5.00 Jim Henson's Greek Myths. Art Malik and Gina Bellman star as Orpheus and Eurydice.

5.30 Family Pride.

6.00 Press Gang.

6.30 The Cosby Show.

7.00 Equinox: Rheumatoid Arthritis. Investigating the painful, crippling disease which appeared in Europe with the Industrial Revolution and now affects about 1m British people. A group of British scientists has made a breakthrough. They have discovered that victims lack a particular sugar in a vital part of their immune systems. Equinox investigates.

8.00 The Long Ride. The first of two programmes covering the journey of millionaire Jim Rogers and his motorbike across China.

8.30 American Football.

10.00 Film: The Tin Star. Anthony Perkins plays a young sheriff who calls on the skills of a bounty hunter to fight outlaws preying on his town. With Henry Fonda (1957).

11.45 Film: Insurgent Mexico. Based on the book by the Left-wing American journalist John Reed, this film portrays Reed's part in the Mexican revolution of 1913. Starring Claudio Obregon. Continuing the Cinema from Three Continents season (1971).

1.45 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-ANGLIA:
12.30 Goals Galore. 12.55 News. 2.15 Yarwood 5.00 Dinosaurs. 5.30 Bullseye. 6.35 News. 11.00 Weather. 11.05 Airplane II

BORDER:
12.30 Gardening Time. 12.55 News. 2.15 Katts and Dog. 5.00 Scotsport. 6.00 Bullseye. 6.35 News. 11.05 Prisoner: Cell Block H.

CENTRAL:
12.30 Gardening Time. 12.55 News 2.15 Action Sports Special. 6.00 Earth Dwellers' Guide. 6.35 News 11.00 Weather. 11.05 Prisoner: Cell Block H.

CHANNEL:
12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Jornal. 2.15 The Long White Trail. 6.35 News. 11.05 Human Factor. 11.35 Twilight Zone.

GRAMPIAN:
10.45 Interbang. 11.15 O Come, O Come Emanuel. 11.45 Link. 12.30 Jack Thompson Down Under. 12.55 Headlines. 2.15 Coronation Street. 3.10 Adventure. 3.25 The Silk Road. 4.25 Cartoon. 4.30 Animal Country. 5.00 Scotsport. 6.00 Bullseye.

GRANADA:
12.25 This Week. 12.50 Aap Kaa Hak. 2.15 Taylor and McMenemy. 5.30 Coronation Street. 6.35 News 11.05 Prisoner: Cell Block H.

HTV:
12.30 West Country Farming. 12.55 News 2.15 Newsweek. 6.35 News 11.05 Birdland.

HTV Wales as HTV except:
12.30 An Invitation to Remember. 2.15 West Country Farming.

SCOTTISH:
10.45 Glen Michael's Cartoon Cavalcade. 11.15 Link. 11.30 O Come, O Come Emmanuel. 12.30 The Munro Show. 12.55 Scotland Today. 2.15 Pop Profile. 2.30 A Bell for Adano. (1945) 4.30 Bullseye. 5.00 Scotsport. 6.00 NB Special. 6.35 Scotland Today 11.00 Weather. 11.05 McCloud

TSW:
12.30 Farming Week. 12.55 News. 2.15 Twilight Zone. 5.30 Cobblestones, Cottages and Castles. 6.35 News. 11.00 Weather. 11.05 Prisoner: Cell Block H.

TVS:
12.30 News. 12.33 Agenda. 12.59 Weather. 2.15 The Long White Trail. 6.35 News. 11.05 The Human Factor. 11.35 The Twilight Zone.

TYNE TEES:
12.25 Windsurf. 12.55 News. 2.15 The Back Page. 6.35 News. 11.05 Prisoner: Cell Block H.

ULSTER:
12.30 Gardening Time. 12.55 Newstime 2.15 Rally Ireland - Killarney Rally of the Lakes. 5.30 Coronation Street. 6.35 Newstime

YORKSHIRE:
12.25 Goals on Sunday. 12.50 Calendar News. 2.15 Coming of Age. 5.00 Dinosaurs. 5.30 Animal Country. 6.00 Bullseye. 6.35 Calendar News. 11.00 Weather. 11.05 Scrumdown.

S4C Wales as Channel 4 except:-
9.25 Willo the Wisp. 9.30 Four-Mations: Zbig Conducts the Orchestra. 10.50 Voyage to the Bottom of the Sea. 11.45 Four-Mations 12.55 Now You're Talking 1. 1.20 Now You're Talking 2. 1.45 Bwrw 'Mlaen. 2.15 San Steffan. 2.35 Equinox. 3.35 Paul McCartney's Liverpool Oratorio. 5.30 Pobol y Cwm. 7.05 Newyddion. 7.10 Saith Ar Y Sul. 7.25 Bwrw'r Sul. 8.10 Hel Straeon. 8.40 Dechrau Canu, Dechrau Canmol. 9.10 Traed Mewn Cyffion. 10.10 American Football. 11.40 Four-Mations

RADIO

SATURDAY

BBC RADIO 2
6.00 Graham Knight. 8.05 Ronnie Hilton. 9.00 Brian Matthew. 10.00 Anne Robinson. 12.00 Gerald Harper. 1.30 It Only Hurts When I Laugh. 2.00 Ed Stewart. 4.00 It Was a Very Good Year. 4.30 Katie and Friends. 5.00 Cinema 2. 5.30 Screenplay Christmas Special. 6.00 Bob Holness Requests the Pleasure. 7.00 Jazz Score. 7.30 Mel Torme and George Shearing. 10.00 The Arts Programme. 12.05 Brian Matthew. 1.00 Night Ride. 3.00 A Little Night Music. 4.00 David Allan

BBC RADIO 3
6.55 Weather and News Headlines. 7.00 Morning Concert. 8.30 News. 8.35 Christian Blackshaw. 9.30 Saturday Review. 12.55 Words. 1.00 News. 1.05 Steven Isserlis and Pascal Devoyon. 2.05 BBC Welsh Symphony Orchestra. 3.20 Barbara Bonney. 4.00 Tuning Up. 5.00 Jazz Record Requests. 5.45 Third Opinion. 6.30 Guillaume Tell. 8.55 The 1991 Reith Lectures: The Language of the Genes. 9.25 Guillaume Tell. 11.00 Granados. 12.00 News. 12.05 Close.

BBC RADIO 4
6.00 News. 6.10 Farming Week. 6.50 Prayer for the Day. 6.55 Weather. 7.00 Today. 8.58 Weather. 9.00 News. 9.05 Sport on 4. 9.30 Breakaway. 10.00 News; Loose Ends. 11.00 News; The Week in Westminster. 11.30 From Our Own Correspondent. 12.00 Money Box. 12.25 News Quiz. 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News; Any Answers? 2.30 Saturday Playhouse. 4.00 News; Age to Age. 4.30 Science Now. 5.00 A Rose is a Rose. 5.25 Tea Junction. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News; Sports Round-Up. 6.25 Week Ending. 6.50 Stop the Week. 7.20 Kaleidoscope. 7.50 Classical Serial. 8.50 Conversation Piece. 9.20 Music in Mind. 9.50 Ten to Ten. 9.59 Weather. 10.00 News. 10.15 Open Mind. 10.45 As Others See Us. 11.00 Richard Baker Compares Notes. 11.30 The Harpoon. 12.00 News; Interlude. 12.33 Shipping Forecast. 12.43 (FM) Close. 12.43 (LW) As World Service.

BBC RADIO 5
6.00 Newsdesk. 6.30 Morning Edition. 9.00 On Your Marks. 12.00 Sport on 4 Plus 1. 12.30 Sportscall. 1.30 Sport On 5. 6.00 News. 6.05 Six-O-Six. 7.30 Le Top. 9.00 Afropop Worldwide. 10.00 Sports Bulletin. 10.15 On the Level. 12.00 Sport. 12.10 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 Newsdesk. 6.30 Londres Matin. 7.00 News; 24 Hours; News Summary. 7.30 From The Weeklies. 7.45 The Mozart Phenomenon. 8.00 News; Words of Faith. 8.15 A Jolly Good Show. 9.00 News; Waveguide; Worldbrief. 9.30 Personal View. 9.45 Sports Roundup. 10.00 News Summary; Jazz Now And Then. 10.15 Letter From America. 10.30 People and Politics. 11.00 Newsdesk. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 News; News About Britain. 12.15 Multitrack 3. 12.45 Sports Roundup. 1.00 Newshour. 2.00 Club 648. 2.15 Personal View. 2.30 Sportsworld. 3.00 News; Sportsworld continued. 4.00 News; News about Britain. 4.15 BBC English. 4.30 News in German. 4.40 German Features. 5.00 News Summary; Sportsworld: Final results. 5.30 Londres Soir. 6.14 BBC English. 6.29 News Summary. 6.30 Heute Aktuell. 7.00 German Features. 7.54 News in German. 8.00 News; Book Choice. 8.15 Londres Dernière. 8.30 Europe This Weekend. 9.00 Newshour. 10.00 News; The Curlew. 10.20 Meridian. 10.50 Sports Roundup. 11.00 News; Words of Faith; Book Choice. 11.15 A Jolly Good Show. 12.00 Newsdesk. 12.30 The Ken Bruce Show. 1.00 News Summary. 1.01 Play Of The Week: The Incredible Samuel Pepys. 2.00 Newsdesk. 2.30 The Birth of The Big Band. 3.00 News; News about Britain; Sports Roundup. 3.30 From Our Own Correspondent. 3.50 Write On. 4.00 Newsdesk. 4.30 Business Review; Travel. 4.45 News and press review in German.

SUNDAY

BBC RADIO 2
6.00 Graham Knight. 7.30 Don Maclean. 9.05 Richard Baker. 11.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Music in Miniature. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Black Magic. 7.45 The Collins Collection. 8.30 Sunday Half-Hour. 9.00 Alan Keith. 10.00 The Arts Programme. 12.05 Ronnie Hilton. 1.00 Night Ride. 3.00 A Little Night Music. 4.00 Alex Lester

BBC RADIO 3
6.55 Weather; News Headlines. 7.00 Morning Concert. 8.30 News. 8.35 Seasonal Bach. 9.15 Sounding Brass. 10.15 Music Weekly. 11.00 A Dutch Retrospect. 12.45 Table Talk. 1.00 News. 1.05 Your Concert Choice. 2.30 String Quartets. 3.45 Poet of the Month. 3.55 BBC Philharmonic. 5.15 Listening To Bartok. 6.00 In the Midst of Life. 7.00 Trio Sonatas. 7.30 Messiah. 10.30 Platform One. 12.00 News. 12.05 Close.

BBC RADIO 4
6.00 News. 6.10 Prelude. 6.30 News; Morning Has Broken. 6.55 Weather. 7.00 News. 7.10 Sunday Papers. 7.15 On Your Farm. 7.40 Sunday. 8.50 The Week's Good Cause. 8.55 Weather. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America. 9.30 Morning Service. 10.15 The Archers. 11.15 News Stand. 11.30 Pick of the Week. 12.15 Desert Island Discs. 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 Gardeners' Question Time. 2.30 Sunday Playhouse. 3.30 The Radio Programme. 4.00 News; Portrait of a City. 4.47 Time for Verse. 5.00 News; Down Your Way. 5.40 Not What the Brochure Said. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.15 Feedback. 6.30 Best Behaviour. 7.00 A View from the Floor. 7.30 Bookshelf. 8.00 Punters. 8.40 Thinking Aloud. 9.00 The Natural History Programme. 9.30 Special Assignment. 9.59 Weather. 10.00 News. 10.15 Requiem for Mozart. 11.00 In Committee. 11.30 Seeds of Faith. 12.00 News and Weather. 12.33 Shipping Forecast. 12.43 (FM) Close. 12.43 (LW) As World Service.

BBC RADIO 5
6.00 Newsdesk. 6.30 Meridian Reports. 7.00 News and 24 Hours. 7.30 Sunday Edition. 9.00 News and Sport. 9.04 Johnnie Walker. 10.30 Education Matters. 11.00 News and Sport; For Those in Peril. 11.30 Europe on the Move. 12.00 News and Sport. 12.05 Ring a Winner. 1.40 Open University: Open Forum. 2.00 News and Sport; Kitchen Cabinet. 2.30 Football Extra. 5.00 Sport; Mike's Secret Mike. 5.30 Black Museum. 6.00 Sport; Talking Poetry. 6.30 Great Expectations. 7.00 Sports Bulletin. 7.15 Euromix. 8.00 Paso Doble. 8.30 France Exral. 9.00 Deutsch Direkt! 9.30 Dragnet. 10.00 Sport. 10.10 Across the Line. 12.00 News and Sport. 12.10 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 Newsdesk. 6.30 Londres Matin. 7.00 News. 7.30 From Our Own Correspondent. 7.50 Write On. 8.00 News; Words of Faith. 8.15 Music With Matthew. 9.00 News. 9.15 Short Story 9.30 Best of British. 9.45 Sports. 10.00 News 10.30 In Praise of God. 11.00 Newsdesk. 11.30 Ken Bruce Show. 11.45 Mittagsmagazin. 12.00 News 12.01 Play of the Week 1.00 Newshour. 2.00 News 2.01 Zap! Kerpow! 2.30 Anything Goes. 3.00 News. 3.15 The Mozart Years. 4.00 News 4.15 BBC English. 4.30 News in German. 4.40 German Features 5.00 News 5.15 Club 648. 5.30 Londres Soir. 6.14 BBC English. 6.29 News; News in German. 6.40 German Features. 7.54 News in German. 8.00 News 8.15 Londres Dernière. 8.30 Europe 9.00 Newshour. 10.00 News. 10.20 Meridian. 10.50 Sports. 11.00 News; Business Review. 11.15 Letter From America. 11.30 Zap! Kerpow! 12.00 Newsdesk. 12.30 In Praise of God. 1.00 News 1.01 Conflicting Opinions. 1.45 Cole Porter Among Friends. 2.00 Newsdesk. 2.30 Composer of the Month 3.00 News. 3.15 Sports. 3.30 Anything Goes. 4.00 Newsdesk. 4.30 Week Ahead; Travel. 4.45 News, Press Review in German.

CHESS

NIGEL SHORT, the UK No 1, faced a rare challenge this week when private bankers Duncan Lawrie sponsored the £13,000 English Chess Championship at St Paul's School, London. The annual British title contest is open to all, but the new event is a knock-out match series among eight of the country's highest ranked grandmasters.

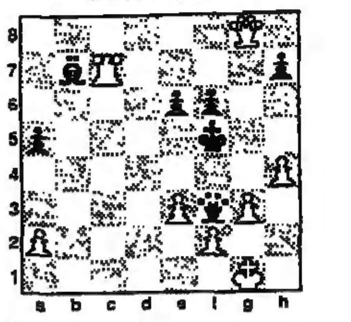
Following the trend to faster time limits, the two-game matches will have rapid chess play-offs (30 minutes for all moves) if the standard rate games (40 moves in 2 hours) produce a 1-1 tie.

Duncan Lawrie has backed the England team since 1978, a period of impressive results including three olympic silver medals; while, three of the eight contenders are old Paulines.

First round results were Short 1½, Chandler ½; Speelman 4½, Kosten 3½; Adams 2½, Watson 1½; Nunn ½, Hodgson 1½. Admission is free but there is play tomorrow only if either of today's semi-finals is tied (J Nunn, White; J Hodgson, Black; Four Knights; Duncan Lawrie English Championship 1991).

1 e4 e5 2 Nf3 Nc6 3 Nc3 A surprise from Nunn, whose usual openings are the Ruy Lopez 3 Bb5 or the Bishop 2 Bc4. Nf6 4 Bb5 Bc5 5 0-0 0-0 6 Nxe5 A tactic to open up the centre. A simpler good plan is 6 d3 d6 7 Bg5. Nxe5 7 d4 Bd6 8 f4 Nc6 9 e5 Be7 10 d5 Continuing to overpress. The solid way is 10 exf6 Bxf6 11 Ne2. Nb4 11 exf6 Bxf6 12 a3 Bxc3 13 bxc3 Nxd5! 14 Qxd5 c6 15 Qd3 cxb5 16 f5 f6 17 a4? An unsound attack. After 17 Qxb5 d5 or Qb6+ Black is slightly better but White should draw. bxa4 18 Rxa4 d5 19 Rh4 Re8 20 Qd1 Re5 21 Qh5 Qb6+ 22 Kh1 Bxf5! White hoped for h6 23 Bxh6 but now if 23 Rxf5? Re1+ mates. 23 Bf4 Qf2! Again the back rank. Nunn is forced into a lost ending. 24 Qd1 Qxh4 25 Bxe5 fxe5 26 Rxf5 Qe4 27 Rf1 Rf8 28 Rxf8+ Kxf8 29 h3 Kg8! Clearer than a5 30 Qa1 a4 31 Qa3+ 30 Qb1 b6 31 Qa2 a5 32 Qb3 b6 33 Qxb6 a4 34 Resigns The pawn cannot be stopped.

CHESS No 901



M Filip v K Darga, European team championship 1961. White (to move) is material up but Black threatens Qh1 or Qg2 mate. What should White play? Miroslav Filip was twice a world title candidate, but failed to solve this puzzle.

Solution Page XVIII

Leonard Barden

BRIDGE

IN TODAY'S hand from rubber bridge the declarer was taught a sharp lesson. Take a look at The Woman Tempted Me:

N
♠ J
♥ A 8
♦ Q 9 8 7 6 2
♣ K Q 6 3

W
♠ A K 7 6
♥ J 9 6 4
♦ 5
♣ J 9 7 2

E
♠ Q 9 5 4 3
♥ K 10 7 3 2
♦ 4 3
♣ 4

S
♠ 10 8 2
♥ Q 5
♦ A K J 10
♣ A 10 8 5

With both sides vulnerable South dealt and opened the auction with one diamond. West passed – he has the shape but not the strength for a take-out double – and North, by jumping to five diamonds silenced the oratory.

West began with the spade ace, on which East played the nine. This was, a suit preference signal, asking for a switch to hearts. When West led the heart four, South saw no harm in running it to his queen, but the king won, and East led back a spade. Ruffing on the table, the declarer drew trumps, and ruffed his last losing spade, but when West was found to hold four clubs, he had to go one down.

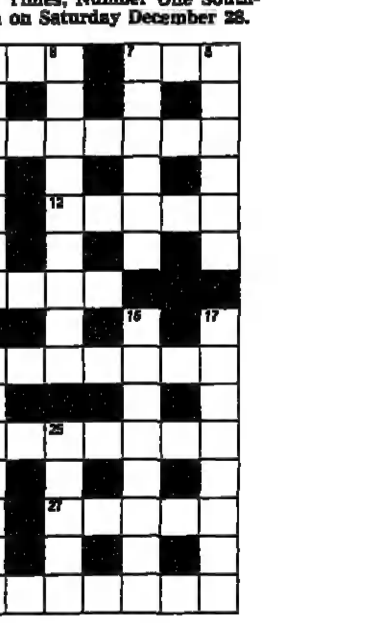
South should have asked himself: Can anything go wrong? The answer is: Yes, if West has four clubs. This difficulty can be overcome. At trick two declarer must refuse the "free" finesse, take the heart with dummy's ace, cross to his diamond ace, ruff a spade, cross again to his king of diamonds, ruff another spade, and cash the king of clubs. The stage is set. He exits with dummy's eight of hearts. Whichever defender wins the trick must yield the 11th trick to the declarer. West must lead a club into South's tenace, or concede the ruff discard; East has no choice. A poor performance by South – licence endorsed.

E P C Cotter

CROSSWORD

No. 7,724 Set by DINMUTZ

Prizes of £15 each for the first five correct solutions opened. Solutions to be received by Tuesday December 24, marked Crossword 7,724 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday December 28.



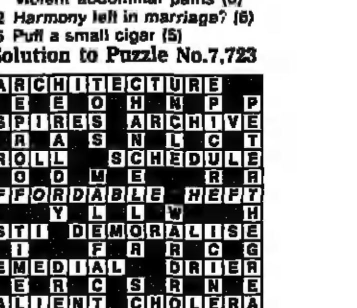
Name..

Address..

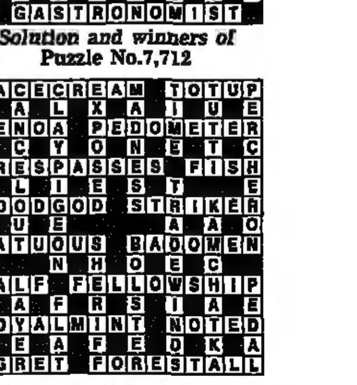
ACROSS
1 Novel enlargement of Buchan's work (11)
7 Adjust strapping (3)
9 Silver-topped gin-shaker is becoming an antique (5)
10 Statesman contented to carry weight? (9)
11 Cot-handle can be turned in a number of events (9)
12 Narrow middle part of desert, we are told (5)
13 Leaves for adjustments (7)
15 Animal on its back in long grass (4)
18 Fellow of 9 to double over? (4)
20 Fooling about with clients? Cut that out! (7)
23 Replace sections of polystyrene wall (5)
24 Animated miners' leader is immaculate (4-5)
26 Heretic's violent crimes against the worker (9)
27 Leaders of it took a long year in the country (5)
28 Endless strain for a disciple? (3)
29 City in Massachusetts that takes a magazine (11)

DOWN
1 Disease of horses long seen in some geese (8)
2 Projector to manage on mince-pies (8)
3 Tennyson's black bat in the dark (5)
4 Bell sends messengers round university (7)
5 Shoe found on track at Newmarket? (7)
6 Wheelers on the move need energy abroad (9)
7 Ruddy state that is endless! (6)
8 Packed, say, attempt to ingest food internally (6)
14 Club acts for the foundry? (9)
16 Prompt bill that is to include tax (8)
17 Blackthorn observed as having oriental features (4-4)
19 Bunyan's giant, praised in error (7)
20 Squat English openers demonstrating cut (7)
21 Credit charges can produce violent abdominal pains (6)
22 Harmony left in marriage? (6)
25 Puff a small cigar (5)

Solution to Puzzle No.7,723



Solution and winners of Puzzle No.7,712



Ms Lynda Buffett, Cardiff.
Mrs J. Davenport, Hailsham, East Sussex.
Capt R. R. Fotheringham, Crieff, Perthshire.
Mrs H.A. Swann, Nailsworth, Glos.
Mrs J. Wilson, Edinburgh.

Maxwell: saviour of British industry

***Dominic Lawson** argues that the late tycoon did far more good than harm*

FOUR weeks ago, when Robert Maxwell took his impromptu bath off the side of the Lady Ghislaine, I wrote here that the late tycoon reminded me of nothing so much as Augustus Melmotte, the evil criminal suicide at the heart or Trollope's *The Way We Live Now.*

I thought I was being original and had found a new example of life, or rather death, imitating art. I am grateful to Tom Bower, Maxwell's – very unauthorised – biographer for correction.

The preface to the rushed new version of *Maxwell, The Outsider* describes the scene at the AGM of Maxwell's public company in June 1987: Henry Poole, an analyst at Laing and Cruickshank, stood up and said that Maxwell had "borne every accusation, apart from being drunk in the House of Commons, that was borne by Mr Melmotte."

And Poole went on to quote Trollope on Melmotte: "A horrid big rich scoundrel, a bloated swindler, a vile city ruffian." But Poole then exclaimed to what must have been a startled AGM: "Mr Maxwell is not a Melmotte . . . I say to those here today who manage the pension and investment funds that they are unfit to be the manager of these funds if they do not recognise the achievements of Mr Maxwell and invest in this company."

Poor Poole – from sage to sucker in less time than it takes to sip a glass of water between sentences. But the rush to damn Maxwell as the most evil man who ever lived, mostly from people whose judgment at the time was hardly different from that of Poole's, makes me think that I was wrong to blackguard Maxwell's name even before the body was given a decent – *now they say too decent* – burial.

More and more I wonder whether *The Times's* initial reaction on Maxwell's death: "the type of immigrant buccaneer of whom British Industry seems in chronic need," is not more appropriate than its revised opinion on December 6, that the banks who had lost billions on Maxwell "ought to have known what kind of man they were dealing with . . . a man declared by a Board of Trade enquiry to be unfit to run a public company."

For what great harm, actually, has Maxwell done? He certainly betrayed the hopes of his greedy sycophants. But just as it is impossible to feel sorry for those Stalinists who expressed their shock when Khrushchev "revealed" his predecessors' crimes, so we can only laugh at the wailing of Maxwell's former top executives and advisers. Maxwell was a far more sympathetic character than any of them.

Did Maxwell damage the banking system? No, the bankers, as usual, did the damage to themselves. They had the money to lend, or thought they had, and if they had not wasted it on loans to MCC then in the climate of the late 1980s, they would have wasted it on some of their other more plausible clients. Like Maxwell's sycophants they – and *MCC shareholders* – *will have* learnt a valuable lesson, which will *do them no harm.*

What about the workers?

I sympathise with the staff of the *European*, but without Maxwell the paper, and its jobs, would not have existed in the first place. And the staff at the *Mirror*, with their missing £300m of pensions? Their top journalists, who now squeal that Maxwell robbed them, were happy to say, when the Captain first fell off the boat, that he had "saved the *Mirror*" by *dragging* it with brutal efficiency into modern printing methods. So by their own arguments, if it had not been for Maxwell they would not have had jobs at all, let alone pensions. They really should stop whining: whoever buys the *Mirror* will have to give undertakings to pay proper pensions to the employees.

The only people to whom Maxwell has done genuine damage are his own wife and children. And they, unlike the canting preachers of the press, have uttered not one word of complaint.

■ *Dominic Lawson is editor of The Spectator*

Ashley Ashwood

Private View

An aristocrat who survived history

*Count Edward Raczynski talks to **Christian Tyler** on his century*

INSIDE the shrunken body lives the ghost of a tall, handsome, sports-loving aristocrat. Behind the blind, filmy eyes there survives, unimpaired, the mind of an intellectual and diplomat.

Count Edward Raczynski, former Ambassador to the Court of St James and a minister of Poland's wartime government-in-exile, will be 100 years old next Thursday.

In that century he has seen his native country pass from partition to independence, to German occupation, to Soviet control, finally to turbulent, multi-party democracy.

People become childlike in extreme old age. But you cannot treat as a child someone who in his time has dined with the likes of Halifax, Eden, Chamberlain and Churchill, who was instrumental in securing the British Government's pledge to Poland and hence its declaration of war against Hitler.

Lloyd George was a witness to Raczynski's first wedding, in 1925, to Joyous Markham, who died five years later from a complication in pregnancy. The former Liberal Prime Minister is the one figure from the century that Raczynski recalls with dislike.

"He didn't even shake hands with me," he said.

Was that because you had clashed?

"No. It was his choice, not mine. With Lloyd George one felt that he had an anti-feeling. Probably he disliked me first as a Pole, secondly as a Catholic, thirdly as an aristocrat. At the same time he tried to make life difficult for my country."

Raczynski has survived to to see his quaint – some would say reactionary – refusal to accept the post-war order vindicated by the collapse of the Soviet Empire, and to witness the voluntary liquidation of his defiant little expatriate government.

To pay his respects, Lech Walesa, the shipyard electrician and Solidarity leader who is president of Poland, has twice climbed the dilapidated staircase that leads to Count Raczynski's apartment in Knightsbridge, London.

Next week the centenarian, who is recovering from a hip operation and is complaining about his sudden loss of mobility, will be feted at a reception at the Polish Embassy.

He had just risen from his daybed when I met him. He was dressed in a dusty old black suit with what looked a club tie knotted round his skinny neck. Behind him were amateurish paintings of his family's country mansion, Rogalin, in western Poland and of their neo-classical palace in Warsaw. Both houses are now museums.

An ancient wireless hummed out dance music on the table beside him. His third wife, the business-like, 81-year-old Aniela Mieczyslawska, whom he married in May this year following the death of her husband, poured dry sherry from a crystal decanter then sat in the corner and shouted encouragement.

He sat on the divan, thin white hair sprouting from the back of his purple pate and looking, as he joked later, like "an old remnant". But once he began to speak, in a thin but precise voice with strong French and Slav intonation, you could see the mind bringing the body to life.

Raczynski divided his history – "I think of it almost as if I was observing the life of another person," – into three parts. The first was his childhood near Poznan in the western part of Poland then controlled by Prussia, where he grew up on an estate of 25,000 acres in "a very pleasant and intelligent circle of people". His father was an art connoisseur, whose picture collection was largely retrieved after the Second World War and is still exhibited at Rogalin.

He went to school and university in Kracow and began writing poetry, later publishing his verses alongside a translation of the English text of Omar Khayyam.

Raczynski was always interested in Britain. "I had a kind of premonition that my life would be in some way attached to England." His first visit was with his brother for a summer holiday in Aldeburgh in 1906. "It was not a very nice place for a boy. We were expecting a nice sandy beach, which was non-existent." In 1912 he came again, this time to study at the London School of Economics.

What made you take such an interest in England?

"You know, England had a tremendous reputation for its democracy, for its success, for its wisdom, and also for its wealth. If one wanted to know the world it was obvious that England was a very important element."

Back in Poland for the First World War, Raczynski refused to join Marshal Pilsudski's legions, fearing the consequences of an alliance with Germany. Later he signed up and had the satisfaction, he said, of "disarming Germans in the streets of Warsaw."

The 21 years of Polish independence between the wars were for Raczynski his second, and golden, age. He served in the Polish legation in London and at the League of Nations. In 1934 he came to London as ambassador, never to return. He had married Cecile Jaroszynski, or "Cesia" as he called her, who died in 1962.

"She was also a delicate person. She died of heart and she left three daughters whom I adore. So I am surrounded by nothing but love. Now I have my dear Aniela who is here in this room, who was my companion, my friend and my protector even when I was weak, and whom I married when I could."

I asked Raczynski whether he admired any of the famous people he had known.

He commented favourably and tactfully on Walesa and on the present Pope, whom he described as "a man of great knowledge, very strong convictions. He's got the gift of conveying his ideas very strongly and at the same time he has personal charm."

You must have known Prime Minister Paderewski? I prompted.

"Paderewski, of course!", he replied. "His personality was so powerful. I remember when he came to London to give a lecture. In some miraculous way, at the end of his speech people were in tears. I was myself shaken with a tremendous emotion which it took me several hours to forget."

And as a pianist?

"Other musicians would say that Paderewski's playing was very impressive but not perfect. Nonetheless, when this man played I lost every sense . . . of my judgment. The impression was so strong that I was just conquered."

What about British politicians – Chamberlain, for instance? In your diary you described him as "rather like a bird of the ostrich family."

"My impression was his measure was not taken. He was a man of strong will, rather imposing his will on people. When he was represented as the man with the umbrella that was not fair to him."

And how did Winston Churchill strike you?

"He struck me as a man, again, with a strong imagination, with vision, with initiative. He liked people who were like knights of olden times. He liked strong and impressive decisions. I was personally impressed by him. But I had a feeling at the same time that to him a person like myself was not of great importance. I was too commonplace."

Did he behave like an aristocrat?

"No, I think he behaved like an individualist. Of course he had a great sense of the story of his family. He gave me the four volumes of his book on Marlborough."

This discussion prompted another question: who, do you think, killed General Sikorski? I mentioned the play by Rolf Hochhuth which tries to blames Churchill.

"The Hochhuth play is a stupid fiction but I must say my suspicion is very strong of sabotage. I am almost convinced that it was Soviet sabotage."

Sikorski was a challenge to Stalin's plans for postwar possession of Poland, said the old man. He talked about the spy Philby and recalled two aerial alarms before Sikorski's helicopter crashed off Gibraltar, in one of which he, Raczynski, had been involved. "I think that Sikorski's life was doomed. Because he happened to be in Stalin's way, he had to be removed."

Polish exiles' feelings about Britain are a mixture of dismay and gratitude. "You know, during this war we were sacrificed. I must say we were not treated like a fully-fledged ally."

British and French had promised an immediate reaction to Hitler's invasion of Poland, but the general staffs decided they could not intervene. "I think this was neither just nor very honourable. I can say I speak as a friend of this country. I know your feelings and I respect your wisdom and I admire your sense of liberty and equality."

Raczynski admitted that the Poles had been "a bit naive". They had not realised that international politics were not merely about or temporary gains. "In this, I think, there was a lesson."

The old man was flagging, his voice getting fainter. I could leave without asking one more question.

This century has been a particularly bloody one, I said. Do you look back on it with disgust?

"No. To my mind it rather shows how extraordinary humanity is and at the same time how very weak . . . that humanity demands continuous efforts of education, of trying to impress justice, and so on. Deterioration is always possible.

"I remember my very wise mother once told me: 'Be careful. Because every one of us has in himself somewhere hidden a tiger. And this tiger must be kept in its cage.'"

A turning point - or maybe not

Michael Thompson-Noel

THIS WEEK'S Maastricht treaty marked the most significant turning point for Europe since the 18th century. Or possibly the 14th century. Or perhaps last Tuesday week.

Only time will tell.

Yet one thing is crystal clear. Europe will never be the same again. It has embarked on a wonderful adventure. The pace of change will accelerate. Yet the momentum will not be uniform. Though nothing will stay the same, everything will prove to be relative. The clocks will all go forward – yet at differing rates of advance. This could be good news for Europe. Or it could prove to be a catastrophe.

Only time will tell.

That is why we must be cautious. Our words must be carefully weighed. And our timing must be precise. We must be wary of opting-in, and wary of opting-out. Above all, we must identify the moments when it may pay us to opt neither in nor out but stay the same as we are and shake it all about. How will we know?

Only time will tell.

Yet one thing is perfectly clear. This week's summit in Maastricht has laid the foundations for a Euro-superstate. Or perhaps for something different. But this at least we know: Europe is forging ahead, towards the 21st century.

In many people's view, the 21st century will be a big improvement on the 20th century. This is more impressive than it sounds, for not many people hold the opinion that the 20th century was an improvement on the one that preceded it. In fact, many people in Europe believe that the 19th century itself was worse, in many respects, than the 18th or 17th centuries, and that Europe has not had much of a break since the second quarter of the 4th.

But that is to dwell in the past. What we must be is upbeat: we must look ahead and pray – just like the British prime minister.

The prime minister of Britain is a man called John Major. This is not as bad as it sounds, for the prime minister before him was a woman called Margaret Thatcher who was a horrible piece of work and was often unpardonably rude to friends of the British people such as Helmut Kohl, François Mitterrand and Ruud Lubbers.

So rude did this woman become that she had to be removed from her office in London by disaffected members of her own political party. This is known as a coup. A great many foreign people were surprised that the British were capable of staging a coup, and wondered to themselves whether John Major would prove more adroit at buttering up important foreigners like Helmut Kohl, François Mitterrand and Ruud Lubbers.

Only time will tell.

What is strikingly clear is that John Major has made great strides towards his goal of moving Britain into the mainstream of debate in Europe. Just to be on the safe side, he has also moved it to the fringes by distancing himself from some of the more exciting features of this week's treaty, such as plans for a single currency or for new social and employment legislation – shorter working hours, much more pay, employers who know how to treat their workers without making them cross and bitter because they feel exploited, improved medical scanning, superior plays and musicals, cheaper opera tickets, longer opening hours for betting shops, fewer traffic wardens, more traffic humps, improved recipes in restaurants and the banning from our TV screens of tired old faces such as those of Norman Tebbit, Gerald Kaufman, Virginia Bottomley, Oliver North and Andreas Whittam Smith.

John Major says he knows what he is doing in this regard, and that when his party faces the people at the next election he will promise to deliver all these things anyway, without Europe's help. Or possibly he won't.

Only time will tell, for he and his chancellor, Norman Lamont, are having to keep an eye on other difficult matters, such as the recession, unemployment, spreading homelessness and so forth.

As this week's tumultuous events recede, other questions will reappear. And one of these questions is: who is Norman Lamont?

Only time will tell. Yet one thing is terribly clear. The mystery of Norman Lamont will be seized on in the weeks ahead by two men whose electoral fortunes have not been harmed – but perhaps have not been helped – by John Major's efforts in Maastricht.

HAWKS & HANDSAWS

These men are Neil Kinnock and Paddy Ashdown. Neil Kinnock leads the British Labour party and Paddy Ashdown the Liberal Democrats. Or so it would appear. If it is true that these men lead these particular parties, then the vexed matter of Norman Lamont is one with which they will lambast and lampoon John Major night and day. They will also want to know the date of the election.

As John Major will inform them: only time will tell.

Yet one thing is abundantly clear. Once they have made the fateful connection between Norman Lamont and Maastricht, Neil Kinnock and Paddy Ashdown will truly hit the warpath, for they will have unearthed a series of subsidiary questions about Europe and the British people that will have to be posed at the election:

Do they know where Frankfurt is?

Do they want to be on closer terms with the Greeks and Portuguese?

Are there traffic humps in Belorussia?

What is Finland for?

What are Oliver North and Virginia Bottomley doing at this precise moment in time? Can anybody stop them?

As we ready ourselves for the great adventure of Europe – as the clocks tick-tock towards the dawn of the 21st century – these are hugely disturbing questions.

Will we get any answers?

Only time will tell.

■ *Acknowledgments to Russell Baker.*

The poverty-stricken man of Europe

***Rob Richley** on what the evil regime of Enver Hoxha inflicted on Albania*

JOKES were the Albanians' sole weapon against the state during nearly half a century of repression under Communist dictator Enver Hoxha.

Now, while the rest of Europe looks towards the 21st century, a newly-democratic Albania is dragging itself into the 20th, short of food, clothing, raw materials, and just about everything.

In the northern city of Shkoder, they tell the story of the man who came home with three fish he had caught in Lake Shkoder. "You fool," said his wife. "We have no wood for the fire, no pan to put the fish in and no oil to cook them in." The fish said: "Three cheers for Communism!" The jokes are one of the few lighter moments in the bleak lives of Albania's 3.3m, the poorest in Europe.

Their hopes of economic and democratic reform have been slow to reach fruition, and frustration is turning to anger. A Shkoder warehouse filled with Western aid was looted by a mob recently and gunmen robbed a truckload of relief supplies.

We visited the city's home for handicapped children soon after a crowd several hundred strong had rampaged through it, stealing Western aid that had just been delivered. Armed with guns and knives, they looted the food store, ripped blankets from the children's beds, and pulled the new clothes from the youngster's backs.

The home's chief nurse, Lili Boshnjaku, pleaded for no more foreign aid to be delivered to the home. "It just makes us a target for the *vagabondi,*" she said.

The *vagabondi* could be bandits, but they are just as likely to be some of the many citizens who are short of food and clothes.

Thousands of people aimlessly mill about the streets of Shkoder, the capital Tirana and other cities. They wait for the rain to stop, they wait for something to happen, they wait for a job.

Albania has been reduced to widespread poverty and mass malnutrition by 45 years of self-imposed political separatism. The World Health Organisation's special representative in Albania, Scotsman Dr David Macfadyen, showed us a new report by a WHO team, which reveals that 39 per cent of all children in 1989 were malnourished, and as many as 50 per cent of infants in the mountainous north around Shkoder.

The report says lack of supplies is progressively paralysing the country's health service. The situation is still worsening, even after the arrival of the first international aid.

Now the country is looking to the rest of Europe for short-term assistance in feeding and caring for its people, and long-term aid in economic restructuring.

Albania is trying to undo the efforts of Hoxha, who wielded absolute power from 1946 until his death in 1985, when close associate Ramiz Alia succeeded him as president. Alia now says that while the dictator made many mistakes, he would be remembered for his many achievements.

Hoxha's "achievements" could be said to include a vast national debt, crippled industry, food shortages – and 600,000 concrete mushrooms.

Albania's first dollar millionaire could be the person who finds a new use for these mushrooms. They are the rusting gun emplacements that sprouted across the landscape, built to repel invaders desperate to deprive its citizens of their Utopia. Their construction swallowed up the equivalent of three years' gross national product.

Under Hoxha, the Sigurimi, the secret police, were responsible for many thousands of deaths. One man who publicly said that Hoxha was unfit to rule had his death sentence commuted to 25 years' imprisonment – only to spend 17 of them in a coffin. The Sigurimi let him out for half an hour at mealtimes.

We witnessed a commemorative mass for a poet-priest, who was made to dig his own grave before being lined up with nine others against the wall of his churchyard and shot by the Communists.

Dom Ndre Zadeja, a much-loved poet, was imprisoned and tortured before being executed in 1945; he was not forgotten by the people during four decades of oppression.

After Zadeja's execution, colleagues reburied his body secretly inside the churchyard, marking the spot with a single small stone. It was only given a proper tombstone six months ago, and for the centenary, it was decorated with bunches of marigolds tied in ribbons of red and black, Albania's national colours.

Above the grave hung a photograph of the smiling priest, and one of his verses: "When I lay down my life for my country, I have not died but am born, because for you, I am a martyr for beautiful Albania."

One of Dom. Zadeja's fellow priests, himself released after 20 years in jail, conducted the commemorative mass on the steps of the church, which was only reopened this year after being closed in 1967, when Albania declared itself an atheist state.

Last April, less than a month after the country's first pluralist elections, Albania got its first new priest for nearly half a century, an old man whose training was halted in the 1940s. We were proudly told that seven young men have gone to Rome for training this year, to take over from the ageing priests.

Toddlers in a children's home: at the mercy of Albania's ailing state

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